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Volume II

E X P L A N A T O R Y N O T E S

for

D E P A R T M E N T O F A G R I C U L T U R E

Fiscal Year

1953

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PRODUCTION AND MARKETING ADMINISTRATION

Purpose Statement

The Production and Marketing Administration administers the Department's production and marketing programs under the following appropriations: Conservation and use of agricultural land resources; agricultural production programs, including acreage allotments and marketing quotas, and production goals and assistance to farmers; Sugar Act program; national school lunch program; removal of surplus agricultural commodities, including development of new and expanded markets and uses, and marketing agreements and orders; marketing services, including market news service, inspection, grading and classing, and standardization, improvement of marketing practices, freight rates on farm products and regulatory activities; and Commodity Credit Corporation programs, including price support through loans, purchases and other means, foreign and other supply activities. The Production and Marketing Administration also carries out the functions of the United States under the International Wheat Agreement.

In addition, through authorities delegated under the Defense Production Act of 1950, as amended, the Production and Marketing Administration has the responsibility for the administration of (1) food production and distribution programs, including developing requirements, determining priorities and allocations of available supplies, and obtaining basic production required; (2) domestic utilization of farm equipment and fertilizer through requirements, allocations and distribution controls in order to accomplish required agricultural food production, distribution, and conservation.

The Washington organization of the Production and Marketing Administration consists of an Administrator, a Deputy Administrator and Assistant Administrators for Production, Marketing, Commodity Operations and Program Coordination, 9 Commodity Branches which plan and administer or supervise the administration of all PMA programs affecting commodities, and 14 functional and staff branches or offices which are responsible for specific programs or administrative functions affecting all commodities. These branches and offices are as follows:

Commodity branches	Functional and staff branches and offices
Cotton	Agricultural Conservation Programs Branch
Dairy	Food Distribution Branch
Fats and Oils	Marketing and Facilities Research Branch
Fruit and vegetable	Transportation and Warehousing Branch
Grain	Fiscal Branch
Livestock	Office of Administrative Services
Poultry	Office of Audit
Sugar	Office of Budget
Tobacco	Office of Compliance and Investigation
	Office of Information Services
	Office of Personnel Management
	Office of Price
	Office of Materials and Facilities
	Office of Requirements and Allocations

The field organization of PMA consists of PMA State offices, PMA insular offices in Hawaii and Puerto Rico, PMA County and Community Committees, PMA Commodity offices and field offices of Washington branches and offices.

The Production and Marketing Administration has been delegated authority by the Board of Directors of Commodity Credit Corporation to administer the programs of the Corporation. The Administrator of PMA is the President of the Commodity Credit Corporation, and a member of the Board of Directors, and the Deputy Administrator is Vice President. The Directors of the branches of PMA and the Directors of PMA Commodity Offices are contracting officers of the Corporation.

PRODUCTION AND MARKETING ADMINISTRATION

Summary of Appropriations, 1952 and Estimates, 1953 a/
(Amounts for 1952 include estimated pay adjustment supplementals)

Item	Total Estimated Available, 1952	Budget Estimate, 1953	Increase (+) or Decrease (-)
Conservation and use of agricultural land resources	$260,000,000	$256,500,000	-$3,500,000
Farm restoration program in flood-stricken areas	16,480,000	- -	-16,480,000
Agricultural production programs	10,000,000	15,000,000	+5,000,000
Sugar Act program	70,000,000	70,000,000	- -
National school lunch program	83,367,491	83,367,491	- -
Marketing services	11,540,000	11,465,000	-75,000
Removal of surplus agricultural commodities (30% of customs receipts) b/	158,886,746	181,000,000	+22,113,254
Perishable Agricultural Commodities Act Fund	390,000	390,000	- -
	610,664,237	617,722,491	+7,058,254
Deduct:			
Permanent appropriation available:			
Removal of surplus agricultural commodities (Sec. 32 funds)	158,886,746	181,000,000	+22,113,254
Perishable Agricultural Commodities Act Fund	390,000	390,000	- -
Total, direct annual appropriation or estimate	451,387,491	436,332,491	-15,055,000

a/ Excludes administrative authorization for Commodity Credit Corporation.

b/ Excludes carryover in fiscal year 1952 of $116,921,823, and carryover in fiscal year 1953 of $175,808,569.

AGRICULTURAL CONSERVATION PROGRAM

Purpose Statement

The Agricultural Conservation Program is formulated under the provisions of sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, as amended, and is financed from the appropriation item "Conservation and Use of Agricultural Land Resources".

The purposes of the Act include (1) restoring and improving soil fertility, (2) reducing erosion caused by wind and water, and (3) conserving water on the land. To effectuate these purposes, the Agricultural Conservation Program offers assistance to individual farmers and ranchers in all of the 48 States, Alaska, Hawaii, Puerto Rico, and the Virgin Islands for carrying out approved soil-building and soil-and-water conserving practices on their farms.

Practices for which assistance is offered generally fall into four major classes:

1. Construction practices, such as terracing, leveling land, and building dams;

2. Establishing pastures of perennial grasses and other permanent cover;

3. Growing annual cover crops, such as winter or annual legumes; and

4. Applying minerals such as lime and phosphate to pasture and hayland sods.

Rates of assistance vary by practices and by States and areas so as to make the most effective use of available funds. The average rate of assistance for all practices is less than one-half the cost of performing the practice. The farmer bears the balance of the cost and in addition, supplies the labor necessary to carry out the practice.

Assistance is available in the form of materials and services furnished to the farmer for carrying out approved practices or in the form of cash as partial reimbursement to farmers who have carried out practices at their own expense. Materials and services are obtained through local private sources where practicable.

	Appropriated, 1952	Budget Estimate, 1953
Appropriated funds	$276,480,000	$256,500,000

(a) Conservation and Use of Agricultural Land Resources

	On Direct Appropriation Basis	On Funds Available Basis
Appropriation Act, 1952	$260,000,000	$260,000,000
Flood Rehabilitation Act, 1952	16,480,000	16,480,000
Add increased borrowing in 1952 from Commodity Credit Corporation under authority contained in section 391(c) of the Agricultural Adjustment Act of 1938 for purchase of advance conservation materials for 1952 program	- -	25,000,000
Base for 1953	276,480,000	301,480,000
Budget Estimate, 1953	256,500,000	256,500,000
Decrease	-19,980,000	-44,980,000

SUMMARY OF INCREASES AND DECREASES, 1953
(On the basis of available funds)

To assist farmers in carrying out conservation measures	-38,317,957
For increased use of county and community committeemen to provide additional assistance to farmers in carrying out the most effective conservation program consistent with need	+8,057,058
An increase of approximately 14 percent in rates of pay for county office personnel as of July 1, 1952 to bring salaries more in line with those paid by private employers and Federal agencies for similar work	+1,754,142
For part of pay adjustment costs pursuant to Public Law 201	+6,757
Decrease for the non-recurring item provided in 1952 for Farm Land Restoration Program in Flood-Stricken Areas	-16,480,000

The Agricultural Conservation Program is operated on a calendar (crop) year basis. The 1951 program which closed December 31, 1951, is financed from funds provided in the 1952 Agricultural Appropriation Act. In that Act, the Congress authorized the formulation and administration of a 1952 Agricultural Conservation Program amounting to $256,500,000, for which program the 1953 Budget Estimate is submitted, as reflected in the project statement below.

PROJECT STATEMENT
(Amounts Shown Include Pay Adjustment Costs)

Project	On a Program Basis			
	1950 (Fiscal Year 1951) (estimated)	1951 (Fiscal Year 1952) (estimated)	Increase or Decrease	1952 (Fiscal Year 1953) (estimated)
Agricultural Conservation Program:				
Conservation aids to farmers	$253,827,706	$259,817,957	-$38,317,957(1)	$221,500,000
PMA County Committee operating expenses	20,284,000	20,284,000	+9,811,200(2)	30,095,200
National and State Office operating expenses	4,966,000	4,898,043	+6,757(3)	4,904,800
Subtotal	279,077,706	285,000,000	-28,500,000	256,500,000
Farm Land Restoration Program in flood-stricken areas	- -	16,480,000	-16,480,000(4)	- -
Total pay adjustment costs	[- -]	[332,663]	[+6,757]	[339,420]
Total available	279,077,706	301,480,000	-44,980,000	256,500,000
Adjustments:				
Difference in amount used for advance purchase of conservation materials and services from prior fiscal year appropriation for current program and amount to be used for advance purchase of conservation materials and services from current fiscal year appropriation for ensuing calendar year	+3,165,152	- -		
Received by loan from CCC	-40,750,000	-46,000,000		
Repayment of loan from CCC	+15,007,142	+21,000,000		
Reduction pursuant to Sec. 1214	+26,000,000	- -		
Total appropriation or estimate	282,500,000	276,480,000		

Advance authorization for the 1953 Agricultural Conservation Program

The Budget estimates propose an authorization for the 1953 Agricultural Conservation Program amounting to $256,500,000, the same level as that authorized by the Congress for the 1952 Program.

INCREASES AND DECREASES:

The net decrease of $44,980,000 in this item for 1952 is composed of the following:

(1) A decrease of $38,317,957 in assistance to farmers in carrying out conservation measures.

Due to the authorization for the formulation and administration of the 1952 Agricultural Conservation Program in the amount of $256,500,000, contained in the Agricultural Appropriation Act of 1952, the amount available for assistance to farmers is reduced by $28,500,000.

Since it is proposed in these estimates to increase the administrative expense limitation by $9,817,957 (as explained under (2) and (3)), the total decrease in funds available for assistance to farmers in carrying out conservation measures is $38,317,957.

(2) An increase of $9,811,200 composed of:

(a) $8,057,058 for increased use of county and community committeemen to provide additional assistance to farmers in developing and carrying out the most effective conservation program consistent with needs.

Need for increase:

Intensive direction of conservation activities is particularly important at this time. Heavy production has created additional and new conservation problems. Also, since June 1950, the out-of-pocket cost to the individual farmer for carrying out practices has increased some 10 to 15 percent. In order to get the most conservation with available funds, it will be necessary for committeemen and individual farmers to cooperate in working out a program for conservation in the ensuing year which will include practices that will make the greatest contribution to basic conservation needs rather than practices which may be easiest to carry out. Conservation activities must include not only those practices which replenish fertility but also those practices looking toward long-range conservation and an economic level of agricultural production.

Where long-time conservation plans have been developed for a farm by the Soil Conservation Service or otherwise, they will be utilized in working out the conservation program for that farm for the ensuing year. Committeemen will encourage farmers to establish an order of priority for performance on their farms, consistent with the over-all needs of the county. They will review the farm conservation program which has been developed and will recommend to the county committee that ACP assistance be made available for those practices which are needed most and which probably would not be carried out to the desirable extent without assistance. Conservation practices will be pinpointed to the needs on each individual farm.

Use of this approach on an experimental basis has demonstrated that it would result in more conservation per dollar expended than could be obtained if this $8,057,058 were used for program assistance. There is definite evidence that farmers will, if encouraged to do so, shift to those practices most important in the over-all conservation job for their respective farms. More acres will be conserved, and better practices will be carried out.

The plan is to have community committeemen visit each farmer to encourage the carrying out of a conservation program on his farm based on the priority of need. Where a specific conservation plan has been developed for a farm, such as those prepared by the Soil Conservation Service, this plan will form the basis for the conservation program for that farm for the ensuing year. The Committeeman will examine the plan with the farmer and encourage him to determine and carry out the most needed practices embodied in the plan. Where no specific plans have been developed, the Committeeman will work with the farmer in developing the program for his farm on the basis of the farmer's intimate knowledge of his own farm.

The farmer will also be encouraged to carry out additional practices without ACP assistance, since program assistance will be concentrated on the "first things first" type of practices. County committeemen will work very closely with community committeemen with respect to their farmer contacts so that the programs worked out by the farmers and the community committeemen will be consistent with the conservation program for the county. The county committees will examine closely the individual farm conservation programs and determine the extent of program assistance which will be given.

Basis of increase:

There are over 5,000,000 farms which could participate in the program, and this estimate is based on the assumption that all of the farmers will be visited by the community committeemen to lay the groundwork for carrying out the most urgently needed conservation practices on each farm. The financial requirements for this work are estimated on the basis of costs incurred in areas where this approach has been used on an experimental basis. This will mean visits to approximately 50 farms by each committeeman. It is estimated that each committeeman will be able to visit approximately 4 farms per day.

Agricultural Conservation Program

Description	Fiscal Year 1952			Proposed for Fiscal Year 1953			Increase		
	Man Days per Person	Amount per Person	Total Amount	Man Days per Person	Amount per Person	Total Amount	Man Days per Person	Amount per Person	Total Amount
County committeemen	26.3	$213	$1,937,099	38.5	$312	$2,836,588	12.2	$99	$899,489
Community committeemen.	4.8	35	3,070,179	15.0	111	9,588,402	10.2	76	6,518,223
All other personnel	73.2	600	12,507,796	73.2	600	12,507,796	- -	- -	- -
Total personnel ..			17,515,074			1/24,932,786			7,417,712
All other expense..			2,768,926			3,408,272			2/639,346
Total expenses.			20,284,000			1/28,341,058			8,057,058

1/ Excludes proposed increases in rates of pay for county office personnel.
2/ Mileage.

(b) $1,754,142 to increase rates of pay by 14 percent for county office personnel as of July 1, 1952, to bring their salaries more in line with those paid by private employers and Federal agencies for similar work.

One of the worst problems with which the county committees have to cope is the turnover in office and other personnel--an annual turnover of about one-third. This is due principally to the fact that county committees are not able to compete with private employers on salaries for the same type of work. The average salary paid to office and field employees of the county office is $8.20 per day, compared with $12.28 per day paid in private industry (based on latest available information). This discrepancy, of course, makes it extremely difficult for county committees to either recruit or retain employees. This situation is acute since many county office employees work alongside Federal employees who receive much higher pay for the same kind of work.

The following table shows average salaries of county office employees under all programs by general groupings:

	Average Salary	Average Number of Days Worked	Average Annual Income
Administrative Officer ..	$10.35	260	$2,691.00
Other employees	7.60	189	1,436,40
Average	8.20	202	2,132.00

The salary of the administrative officer, if compared with the salary of a classified Civil Service employee, is equivalent to a Grade GS-1 ($2,660). Under Civil Service he would probably be classified within the range of GS-6 to GS-8 ($3,795 to $4,620). Other employees receive salaries less than a CPC-1 ($1,810).

In order to make the average salary of county office employees compare more favorably to salaries paid in private industry and by the classified Civil Service, it is requested that funds be made available to make a 14 percent pay increase, effective July 1, 1952. This increase is consistent with the increases in wages permitted by the Wage Stabilization Board.

Description	Fiscal Year 1952			Proposed for Fiscal Year 1953			
	Man days	Average Daily Rate	Amount	Man Days	Average Daily Rate	Amount	Increase
County Committeemen	239,148	$8.10	$1,937,099	239,148	$8.10	$1,937,099	-
Community Committeemen ...	414,889	7.40	3,070,179	414,889	7.40	3,070,179	-
All other personnel ...	1,525,341	8.20	12,507,796	1,525,341	9.35	14,261,938	$1,754,142
Total personnel..	2,179,378		17,515,074	2,179,378		19,269,216	1,754,142

(3) An increase of $6,757 to meet part of the pay adjustment costs in National and State offices pursuant to Public Law 201.

(4) A decrease of $16,480,000 due to the deletion of the non-recurring item provided in 1952 for Farm Land Restoration Program in Flood-stricken areas.

Under Public Law 202, Flood Rehabilitation Act, 1952, approved by the President on October 24, the 1952 Farm Land Restoration Program was organized to restore farm land damaged by excessive rains, run-off and flood waters. The program is operating primarily in counties within the Kansas and Missouri River watersheds where excessive damage resulted from the mid-summer flood of 1951.

Restoration measures were developed after consultation with farmers and field representatives of all agricultural agencies. The practices on which assistance is authorized by the Program include clearing debris, emergency ditchings, cleaning out drainage systems, leveling land by filling holes or gullies caused by flood waters, turning under sand deposits by deep plowing, repairing or replacing fences necessary for proper land use, planting or replanting pastures and hay crops, planting cover crops or emergency forage crops, replacing or repairing erosion control structures, and rehabilitation of stock water ponds and other stock water facilities. All of these practices are designed primarily to bring once highly productive land from a useless condition back into production. Technical guides and other necessary steps have been taken at the field level to insure that these practices will be utilized in a wise manner and as quickly as they can be place in operation.

Based on surveys of the needs for assistance conducted by Department personnel and the recommendations of the Agricultural Mobilization Committees, the program is applicable in 91 counties of Kansas, 62 counties in Missouri, 19 counties in Nebraska, 23 counties in Iowa, 10 counties in Oklahoma and 8 counties in Illinois.

The program is confined to land that has been damaged by flood or excessive rain. Even though a whole county may be designated as a disaster area for purposes of this program by the Secretary, county PMA committees handling the approval of these practices consult with the farmer and are required to confine the approvals of these restoration measures to eligible land, i.e., land actually damaged by flood or excessive rain. Maximum rates of assistance up to 80% of the cost of carrying out the practice are authorized. Program provisions require that this determination be made on the basis of each restoration job approved for a farm in the case of several practices. Assistance is limited to $2,500 on a farm to provide for an equitable distribution of funds among those farmers needing assistance. Payments are being made as promptly as possible after the work is completed in order that farm operators suffering heavy financial loss under the flood will be able to rehabilitate their land.

PMA county committees are responsible for the approval of assistance for farms and the general administration of the program. The Soil Conservation Service is providing the technical assistance for replanning of farms where damage requires extensive changes in land use and for the layout and construction supervision necessary for the

repair of conservation measures on upland farms which suffered severe damage. The Service is also furnishing technical assistance for the rehabilitation of bottomland areas where serious overflow requires clearing of debris, ditching, leveling, cleaning of drainage ditches and water facilities, emergency seeding and related measures, and it has technical responsibility for the same types of practices as provided in the regular Agricultural Conservation Program. Advice and cooperation of other professional agricultural workers is utilized, including the Extension Service which has employed emergency assistant county agents for work in the more critical counties. All of the practices are on a prior approval basis, i.e., the need for the practice must be established and eligibility of the work for assistance must be determined before the project is started. An exception is provided in this ruling for those practices started after the flood but before the program could be placed in operation at the local level.

Immediately after its authorization, the program was announced by the Secretary and taken to an area field meeting of the representatives of all the principal agricultural agencies in the flood area. Initial State and county allocations of assistance were established. The program was announced locally early in November. Meetings were held with farmers and community committeemen who would serve in farm contacts and in handling practice recommendations. Winter weather prevented extensive work through the winter. Shortages of very heavy machinery and similar factors had to be taken into consideration in planning local programs. By December 31, 1951, however, many farmers had made their requests for assistance and county committees have given approvals on a large number of practices. In the season prior to spring planting there will be a substantial amount of work done in the clearing of debris and other physical restoration work of that type. Land that is more seriously damaged and must be brought back to production slowly will be worked and seeded through the 1952 season.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

To enable the Secretary to carry into effect the provisions of sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, approved February 29, 1936, as amended (16 U.S.C. 590g-590q), including not to exceed $6,000 for the preparation and display of exhibits, including such displays at State, interstate, and international fairs within the United State; [$260,000,000] $256,500,000, to remain available until December 31 of the next succeeding fiscal year for compliance with the program of soil-building practices and soil- and water-conserving practices authorized under this head in the Department of Agriculture Appropriation Act, [1951] 1952, carried out during the period July 1, [1950] 1951, to December 31, [1951] 1952, inclusive: Provided, That not to exceed [$25,250,000] $35,000,000 of the total sum provided under this head shall be available during the current fiscal year for salaries and other administrative expenses for carrying out such program, the cost of aerial photographs, however, not to be charged to such limitation;

but not more than $4,966,000 shall be transferred to the appropriation account, "Administrative expenses, section 392, Agricultural Adjustment Act of 1938": * * * Provided further, That such amount shall be available for salaries and other administrative expenses in connection with the formulation and administration of the [1952] 1953 program of soil-building practices and soil- and water-conserving practices, under the Act of February 29, 1936, as amended (amounting to $256,500,000, including administration, and formulated on the basis of a distribution of the funds available for payments and grants among the several States in accordance with their conservation needs as determined by the Secretary, except that the proportion allocated to any State shall not be reduced more than 15 per centum from the distribution for the next preceding program year, and no
2 participant shall receive more than $2,500); * * * [Conservation and use of agricultural land resources; For an additional amount, $16,480,000 including the furnishing of services, materials, and payments for conservation and land restoration measures, to enable the Secretary to carry out flood assistance and rehabilitation in agricultural areas, damaged by excessive rains, runoff, and floodwaters, designated by the Secretary of Agriculture as disaster areas under Public Law 38, approved April 6, 1949: Provided, That this appropriation may be expended without regard to the adjustments required under section 8(e) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h) and may be distributed among States without regard to other provisions of law: Provided further, That the administrative expense limitations provided under this appropriation item in the Department of Agriculture Appropriation Act, 1952, may be increased by not more than $1,780,000 of which not more than $180,000 may be made available to State Extension Services to provide assistance through the Cooperative Agricultural Extension Service.]

The first change proposes an increase in the total limitation for administrative expenses from $25,250,000 to $35,000,000 as explained under "Increases and Decreases".

The second change deletes the language contained in the Flood Rehabilitation Act, 1952, approved October 24, 1951, which made a special appropriation for carrying out flood assistance and rehabilitation measures in agricultural areas damaged by excessive rains, runoff, and flood water in the Mid-west.

STATUS OF PROGRAM

Conservation of the national agricultural resources is an essential part of any program designed to safeguard the general welfare. The ability of American agriculture to produce adequate supplies of food, feed, and fiber has contributed as much to the strength of this nation as any other single factor. It is important, then, that conservation practices be carried out in the volume and to the extent necessary to insure against diminishing fertility and dwindling productivity.

Objective

The objectives of the Agricultural Conservation Program are (1) to restore and improve soil fertility, (2) to reduce erosion caused by wind and water, and (3) to conserve water on the land. It is to carry out these objectives that the Agricultural Conservation Program has been developed -- a program dealing with the individual farmer and his farm; with the conservation problems on each farm, and with the practices that must be carried out to maintain permanently the productive resources on each farm.

Program Development

Development of an effective conservation program requires continual reappraisal of needs. Shifts in the production pattern, for example, may require changes in the types of practices needed to keep the land in shape. The level of productivity required must be taken into consideration so that pricatices may be included to prevent irreparable damage to the limited agricultural resources.

Insofar as practices and rates of assistance are concerned, the Agricultural Conservation Program is developed at the National, State and County levels jointly by Production and Marketing Administration, Soil Conservation Service, and Forest Service representatives. The Extension Service, Farmers Home Administration, Soil Conservation Service and other Federal and State agricultural agencies having an interest in conservation work also collaborate in developing the program.

Farmer-elected county and community committeemen, working with farmers, local technical people, and representatives of local farm organizations recommend to the State Committee the practices for which the need is most urgent and general.

State Committees, with the assistance of the Technical Advisory Committees, composed of representatives of Federal and State agricultural agencies, review and analyze the county recommendations for the purpose of developing State recommendations.

The national program is based upon State Committee recommendations and includes those practices which, with local adaption, will meet requirements for safe land use and provide a basis for a complete conservation program; a program which includes practices that can be adapted to contribute the most toward reaching the conservation objectives.

Types of practices

The practices selected for assistance are of the following approved types:

1. Practices to protect soil from wind and water erosion, such as terraces, waterways, and contour farming.

2. Practices to develop cropping systems that protect the soil and restore, improve, and maintain soil productivity, such as green manure and cover crops and the application of mineral elements on conserving crops.

3. Practices to restore and maintain range and permanent pasture, such as grazing land management, pasture and range reseeding, and livestock water developments.

4. Practices to conserve and obtain efficient use of agricultural water, such as subsoiling and reorganization of irrigation systems.

5. Drainage practices, such as open farm drainage ditches and tile drains.

6. Farm woodland practices, such as planting forest trees and shrubs and improving a stand of forest trees.

Practice Specifications

Specifications for a particular practice are not the same in all States. Extreme variations in types of farming, soil and climatic conditions, etc., require considerable latitude for local adaptation. The specifications for each practice, however, are the result of research and practical experience and are designed to meet the ... needs in each area.

Rates of Assistance

States and counties may establish rates of assistance within the maximum specified in the National Bulletin. This enables States and counties to make the best use of available funds, since in some instances it may be that a particular practice will be carried out in a volume and to the extent needed at a lower rate of assistance. The average rate of assistance for all practices approximates 50 percent of the cost. The farmer bears the balance of the cost and in addition furnishes the labor required to carry out the practice.

Program Administration

PMA State and elected county and community committees are responsible for the administration of the Agricultural Conservation Program. The Soil Conservation Service and the Forest Service assist in administering the technical phases of specified conservation measures.

1950 Agricultural Conservation Program

Participation - 2,816,224 farmers participated in the 1950 Agricultural Conservation Program and participating farms included about 64 percent of the nation's cropland. The following table shows the percentage of participation and the gross amounts available for assistance to farmers under the 1949 and 1950 programs.

Table I. Participation and Gross Assistance, 1949 and 1950

Program Year	Participation				Gross Assistance
	Farms	Farmland	Cropland	Pasture	
	%	%	%	%	$1,000
1949	45	55	62	49	$224,000
1950	46	56	64	50	252,000

Table II. Practices Carried Out
Estimated Conservation Needs Compared with Extent of Practices Carried Out (Selected Permanent Practices) - Amount Performed under 1950 Program and 1936-1950 Programs.

Practice	Unit	Estimated Total Need 1/	Amount Performed under 1950 Program	Amount Performed under 1936-1950 Programs
Dams	Earthen Structures	2,624,015	93,467	1,043,159
Drainage	Acres	69,286,041	2,968,197	26,346,202
Permanent sod waterways	1000 Sq.Ft.	206,361,666,720	2,001,093	13,748,585
Standard terraces	Acres	106,847,661	1,436,766	18,381,198
Tree Planting	Acres	29,400,205	118,294	902,317
Permanent Cover	Acres	8,311,261	359,780	2,156,225
Pasture Seeding	Acres	148,000,379	6,092,532	186,062,141

1/ Approved by Secretary August 1951 - needs remaining after 1949.

Table III. Estimated Annual Needs Compared with Extent of Practices Carried out under 1950 Program (Selected Annual and Recurring Practices)

Practice	Unit	Estimated Annual Need 1/	Amount Performed under 1950 Program
Application of liming materials	Tons	80,730,193	23,303,710
Application of 20% superphosphate	Tons	17,324,181	3,176,832
Contour farming 2/	Acres	182,742,498	5,397,359
Field stripcropping	Acres	31,906,079	7,278,585
Green manure and cover	Acres	103,655,122	18,429,589

1/ As estimated in 1951
2/ Including "cross-slope" farming

1951 Agricultural Conservation Program

The 1951 Agricultural Conservation Program placed emphasis on practices which would contribute to the continued stockpiling of fertility reserves to insure ample production of food, feed and fiber. Adequate authorities were included in the 1951 program bulletin to provide for a conservation program geared to the defense production effort. Heavy demands being placed upon the agricultural resources required some change on a local basis in the emphasis and direction of the program.

As a guide in shifting the program toward a greater contribution to defense effort, each committeeman was asked to consider the following order of priority in the approval of program assistance and in emphasizing to farmers the most necessary conservation practices.

1. Conservation measures that would assist farmers in directly meeting 1951 requirements of needed agricultural commodities.

2. Conservation measures that, while not contributing to increased production in 1951 are essential to maintain or increase the present level of productivity so that production needs can more nearly be met in the future.

 An abnormally high drain is being made on our agricultural resources and it is as essential to carry out practices which will build up and maintain productive capacity as it is to carry out practices contributing toward increased production.

3. Conservation measures which are desirable from the standpoint of long-time conservation use of the national agricultural resources where the measure cannot be postponed without danger of early production loss.

 To the extent that available machinery, equipment, and facilities are not required for priorities 1 and 2, committeemen were asked to assist farmers on those conservation measures which are essential even though the current emergency has made it necessary to postpone them wherever possible.

Need for Conservation Practices

History of agriculture in this country has been one of exploitation. As a result, comparatively few acres of good cropland suitable for continuous cropping remain; in all, only 460 million acres, which includes all the good land now under the plow plus about 100 million acres that need clearing, drainage, irrigation, or other improvements. Even with the present-day widespread use of conservation measures, this nation is losing outright about one-half million acres of cropland each year and suffering heavy losses on soil that is not completely taken out of production

Demands growing out of the international situation preclude shifting to a proper balance between soil-conserving and soil-depleting crops and also preclude placing the desirable increased emphasis on livestock farming. Heavy production requirements are accelerating soil losses greatly, and are making heavy drains upon water, range and woodland resources. It is imperative that the Nation's agricultural resources be maintained at a level that will assure adequate production of agricultural commodities not only to meet our own rapidly-increasing needs but also to build up reserves and to maintain a favorable trade relationship with fiiendly nations. The incentive provided through assistance from the Federal Government encourages farmers to adopt and increase the use of practices which maintain, restore, or improve the soil and water resources.

AGRICULTURAL PRODUCTION PROGRAMS

Purpose Statement

This appropriation provides funds to carry out acreage allotment and marketing quota programs authorized by Title III of the Agricultural Adjustment Act of 1938, as amended, and programs to achieve the needed production of crops in short supply.

Acreage Allotments and Marketing Quotas are designed to assist in stabilizing fluctuations in the supply, marketing, and price of specified basic agricultural commodities -- tobacco, peanuts, cotton, wheat, corn, and rice.

The national acreage allotment (in the case of corn, allotment for commercial corn-producing area) is set at a level which, based upon normal or average yield, will result in ample production for domestic consumption, exports, and adequate reserves. The total acreage is divided among States or counties on the basis of production history for a specified number of years preceding the year for which the allotment is determined, with adjustments for production trends, abnormal weather and production conditions, previous allotments, and other factors.

State or county allotments are apportioned among eligible farms. Acreage allotments, in themselves, do not constitute an enforced limitation on production. When acreage allotments are in effect for any basic commodity, compliance therewith is a condition of eligibility for price support.

Marketing quotas must be proclaimed for tobacco when the total supply exceeds the reserve supply level or if quotas were in effect for the kind of tobacco in the immediately preceding year; for peanuts each calendar year regardless of the supply situation; for cotton when the total supply exceeds the normal supply, and for wheat, corn, and rice when the total supply exceeds the normal supply by a stated percentage.

Quotas do not become effective unless at least two-thirds of eligible farmers voting in a referendum approve quotas. Quotas may be increased or suspended under certain demand and supply conditions, in the interest of consumers, or in national emergencies.

Production Goals and Assistance to Farmers are designed to encourage and assist farmers to increase production of specified commodities in line with mobilization effort requirements. State production goals are translated into acreage requirements and distributed to counties and farms. Committeemen assist farmers in planning their operations so that within land capabilities, each acre will be utilized to the maximum. Shifting acreage in line with goals established for individual farms improves the chances that the desired production of needed commodities will be met.

Assistance is also given farmers in obtaining the materials and facilities required to achieve the needed production.

	Appropriated, 1952	Budget Estimate, 1953
Appropriated funds	$10,000,000	$15,000,000

(b) Agricultural Production Programs

Appropriation Act, 1952, and base for 1953	$10,000,000
Budget Estimate, 1953	15,000,000
Increase	+5,000,000

SUMMARY OF INCREASES AND DECREASES, 1953

A decrease due to elimination of non-recurring expenses for completion of work on 1950 cotton marketing quotas	-206,608
To assure needed production of crops in short supply and for assistance to farmers in obtaining equipment and materials necessary to achieve the needed production	+4,664,546
For increased rates of pay for PMA county office personnel to bring them more in line with rates paid in industry and Federal agencies for comparable work	+542,062

PROJECT STATEMENT

Project	1951	1952 (estimate)	Increases or Decreases: Increased Rates of Pay, County Office Personnel	Increases or Decreases: Other	1953 (estimate)
1. Acreage allotments and marketing quotas	$21,120,199	$5,802,841	+$382,903	-$206,608(1)	$5,979,136
2. Production goals and assistance to farmers	- -	4,197,159	+159,159	+4,664,546(2)	9,020,864
Unobligated balance	1,929,801	- -	- -	- -	- -
Total pay adjustment or estimate	[- -]	[205,620]	[- -]	[+6,890]	[212,510]
Total available	23,050,000	10,000,000	+542,062(3)	+4,457,938	15,000,000
Reduction pursuant to Sec. 1214	+9,250,000	- -			
Total appropriation or estimate	32,300,000	10,000,000			

INCREASES AND DECREASES

The net increase of $5,000,000 in this item for 1953 is composed of the following:

(1) A decrease of $206,608 due to elimination of non-recurring expenses for completion of work on 1950 cotton marketing quotas.

Of the decrease $136,608 is in National and State office expenses and $70,000 is in PMA County Committee expenses. The work in the fiscal year 1952 consisted of investigations of violations of 1950 crop marketing quotas on cotton, and collection of penalties.

(2) An increase of $4,664,546 to assure production of crops in short supply and for assistance to farmers in obtaining equipment and materials necessary to achieve the needed production.

Need for increase:

Ample production by farmers of needed items of food and other agricultural commodities is one of the most important single factors in the ability of the Nation to attain and sustain the necessary defensive strength. The production of needed items on the nearly 6,000,000 individual farms of this country will not "just happen". It will not be obtained without planning, direction, and assistance in overcoming specific difficulties arising from defense production in other industries. Responsibility for obtaining the required production of needed agricultural commodities has been placed in the Production and Marketing Administration.

Feed grain production to support our livestock population will be the most serious problem, but wheat, cotton, and other commodities will also be needed in large quantities. With continued strengthening in consumer demand in prospect and with military requirements increasing, there will be a need for all the livestock, dairy and poultry products that can be produced from the feed supplies that are expected to be available in the next few years. Feed is the essential factor in maintaining livestock for the present high level of production of meats, dairy, and poultry products, and in holding down further inflation in food prices. The heavy drain on our reserve feed supplies cannot continue without reducing grain reserves below the safe level. Present high levels of livestock and poultry production can be maintained and expanded only if a larger supply of grain and other feeds is produced.

In many ways the present emergency indicates a pattern of accelerated requirements for food and feed grains similar to that which took shape during World War II. At the beginning of World War II a stockpile of 688 million bushels of corn (approximately 19.2 million tons) had been accumulated under the ever-normal granary program. By July 1942, a total of 631 million bushels of wheat also had been accumulated in storage as a reserve for future contingencies. But even with these huge stockpiles of grain, the increased demand for feed in expanded livestock programs and the wartime demand for grain for industrial purposes, such as alcohol for the production of synthetic rubber, soon reduced these huge supplies to a point of scarcity.

The Nation has already lost ground that will be extremely difficult to recover under the most favorable conditions. The reserve of feed grains in the fall of 1951 is approximately 29 million tons. If the present rate of feed grains is continued this is only a 9-1/3-week supply. The reserve a year from now will be down to about 18 million tons - a 6-week supply. If the acreage planted to corn were to remain at approximately the level of 1951 and the present rate of consumption continued, the reserve of feed grains by the end of the 1954 marketing season would be down to about 10 million tons, or a little more than a 3-week supply. This is based on the assumption of normal weather conditions, and on yields higher than the average of the last five years. But if 90 million acres were planted to corn for the next three years, the reserve by the end of the 1954 season would be back up to about 23-1/2 million tons, or a 7-1/2-week supply.

However, a reserve of feed grains below 30 million tons is too low. To be safe, an annual reserve of around 35 million tons is needed. To permit the reserve to drop below a 4-week supply would be courting disaster.

The accentuated shortages of labor and materials, together with needs for greater agricultural production for current consumption and reasonably safe reserve supplies, will make the job of guiding farmers' efforts toward production of needed items a more intensive one, and the job of rendering assistance to farmers in obtaining the facilities for attaining their production goals a more difficult and time-consuming one. Most of the increased workload will be in the PMA county offices, from which direct contacts with individual farmers are made by both the county and community committeemen.

These men, who are farmers themselves, cannot be expected to take the time away from their own farm work to participate in scheduled meetings or make scheduled visits to other farmers to get specific jobs done, without compensation. Most of them have to pay hired help to do farm work more than they receive in per diem as committeemen; and most of them devote regularly a large number of hours each week, without compensation, working with other farmers and helping them with problems relating to farm programs.

Funds available in 1952 will permit little more than the formulation of National, State and county production goals and their announcement in individual counties. It will be possible to do very little work with farmers to assure that their production plans will be adjusted to the pattern required to meet established goals, and very little time can be devoted to assisting farmers with respect to manpower, fertilizers, pesticides, machinery and equipment.

The average county has 1,890 farmers in it, and the committeemen are responsible for administering the Agricultural Conservation Program, Price Support Program, the Storage Facility program, the Sugar Act, Agricultural Production programs, including acreage allotment and marketing quotas on peanuts and tobacco, and other programs. The average county PMA office used the equivalent of 4.7 full-time clerical and field employees in the fiscal year 1951. The three county committeemen in the average county worked 45.9 days each during the year, and there was an average of 29 community committeemen per county who were paid for 6.1 days work each.

County offices are carrying out the various agricultural programs with the minimum funds required for efficient and effective operation of these programs. The additional effort required in the fiscal year 1953 to meet production goals will require county and community committeemen to work more days on a per diem basis. Of the increase of $4,664,546 requested in this estimate over funds available in 1952, $185,771 is for State operating expenses, and $4,475,475 is for PMA county committee expenses. The increase for county and community committeemen will compensate county committeemen for an additional 12.6 days work and the community committeemen for an additional 4.2 days work.

Production Goals: In order to more nearly assure that production goals are established in accordance with needs, productive capacity and sound conservation practices, it will be necessary to build up the 1953 goals from recommendations of county and State committees and other agencies, and to evaluate them on the basis of National requirements. This method was not possible in 1951 because of insufficient time, or in 1952 because of insufficient funds. Such an approach will necessitate additional work in both the county and State offices.

Farmers must be fully convinced of the need to produce specific crops before they will change their regular production patterns and rotation system in order to accomplish the desired production. The financial incentive to plant more acres is not sufficient in itself to do the job. This means that personal visits to individual farmers by committeemen, who know the production goals and why they are necessary, will be required for the majority of farms in areas where sizeable shifts in production are required. Individual farm visits were not possible either in 1951 or 1952.

Once the State goals are determined and the county goals are determined by the State PMA Committees and made known to county committeemen through district meetings held by the State offices, the real job of making them effective begins. It will be necessary for the county and community committees to determine what should be produced on the individual farms in their counties, and to work out with individual farmers operating these farms the shifts that will have to be made to meet the county goals.

Meetings will have to be held to work out with community committeemen the goals for their respective communities and the shifts in production that will be required, prior to directly contacting individual farmers. Also, community committeemen will have to work closely and repeatedly with the county committees in determining community goals, contributing their intimate knowledge of farming operations in their own communities.

It was demonstrated by experience during World War II that production goals were fully met when individual farmers were contacted. This was done in 1943 with respect to the corn goal and the goal was met substantially. In that year, an intensive farm-to-farm campaign was conducted by county and community committeemen, and 94,341,000 acres of corn were planted as against a goal of 95,000,000 acres (99.3 percent). During the following years of the war, a farm-to-farm campaign was not conducted and planted acreage fell far short of the goals established--5 percent in 1944 and 10 percent in 1945. In 1951, the goal for corn was 90,000,000 acres and no farm-to-farm campaign was possible. The actual acreage planted was 86,200,000 or 3,800,000 acres under the goal. Moreover, the acreage goals for some of the other feed grains were not met.

Assistance to Farmers: It cannot be assumed that once a farmer has made such changes in his production plans as are necessary to be consistent with the production goals for his county, that the food production problem is solved. Farmers look to the Production and

Marketing Administration for assistance when they cannot obtain manpower, machinery, equipment, spare parts, fertilizers and insecticides, because the Administration is claimant agency for these items for Agriculture. The volume of requests for assistance will be steadily increased as the quantity of raw materials going into production of military equipment and related items increases.

Farm Labor: With respect to manpower, during the week of August 19-24, 1951, there were approximately 300,000 (2.5 percent) less workers employed in agriculture than during the corresponding period in 1950.

Conversion of the production called for in 1951 into 10-hour man-days, indicated that approximately 1,938,000 man-days would be required as compared with 1,829,000 man-days in 1950; an increase of 6 percent. Loss of farm workers to nonfarm employment will continue and the problems it creates will be accentuated by the calling of more and more men into military service. This will increase the already excessive workload in PMA county offices in the following ways:

(1) More requests by local Selective Service Boards will be made of county offices for information on production history, etc., for use in determining which men should be deferred.

(2) More requests for deferments and releases from service will be made and county offices will be called on for information concerning each.

(3) More surveys of local manpower situations will be made by other agencies such as the United States Employment Service, and State Extension Services and county offices will be called on for more precise information concerning manpower requirements for specific crops, for specific jobs, such as harvest, etc., and manpower available. In some areas, considerable work will be required to determine needs for imported labor at the request of other agencies.

Farm Machinery and Equipment: The allotment of steel for the last quarter of 1951 for manufacturing of machinery and equipment necessary for farm production is 15 percent less than that for 1949 and 25 percent less than estimated requirements. Thus, it is already evident that there will be a considerable tightening in the situation in 1952 and 1953.

This will mean that more and more farmers will be calling on their PMA county offices for assistance in obtaining specific items of machinery, farm equipment, and repair parts. More surveys, and more precise ones, will be required by interested agencies to determine availability and needs for particular machinery and equipment. If allocations on the basis of need are required, in order to accomplish production goals, which is a strong possibility, county PMA offices will have to handle the job. Assistance required in obtaining containers, processing capacity, and other facilities for handling crops will increase.

Fertilizers and Pesticides: These will be in short supply. Not only will there have to be more time spent in locating and obtaining minimum supplies required by individual farmers, but programs will have to be worked out so that there will be the most effective use of what presently appears will be an inadequate supply available.

(3) An increase of $542,062 to increase rates of pay of county office personnel as of July 1, 1952, to bring their salaries more in line with those paid by private employers and Federal agencies for similar work.

A complete explanation of the need for and justification of making such adjustments is included under the item, "Conservation and Use of Agricultural Land Resources".

	Fiscal Year 1952			Proposed for F. Y. 1953			
	Man Days	Average Rate per Day	Cost	Man Days	Average Rate per Day	Cost	Increase
Acreage Allotments and Marketing Quotas	332,959	$8.20	$2,730,263	332,959	$9.35	$3,113,166	$382,903
Production Goals and Assistance to Farmers	138,399	8.20	1,134,872	138,399	9.35	1,294,031	159,159
Total	471,358	8.20	3,865,135	471,358	9.35	4,407,197	542,062

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of the item as follows (new language underscored; deleted matter enclosed in brackets):

To enable the Secretary to formulate and carry out acreage allotment and marketing quota programs pursuant to provisions of title III of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1301-1393), [including the measurement of the acreage planted to cotton on the farm whether or not marketing quotas are in effect, providing that not more than $1,000,000 shall be available for this purpose,] and to provide assistance in obtaining equipment, materials, and facilities necessary to attain needed production of agricultural commodities, [$10,000,000] $15,000,000, of which not more than [$2,800,000] $3,000,000 shall be transferred to the appropriation account "Administrative expenses, section 392, Agricultural Adjustment Act of 1938."

The first change is for the purpose of deleting the language providing that not more than $1,000,000 shall be available for the measurement of the acreage planted to cotton whether or not marketing quotas are in effect. The Conferees on the 1952 Agricultural Appropriation Bill were advised that since the amount provided under this authority would cover the cost of actually measuring only about 15 percent of the farms planted to cotton in 1951, based upon past cost of physical measurement, the Department planned to obtain 1951 planted and harvested cotton acreage information by obtaining the best data available at the same time work was being done on production goals or other activities at the county level. The Department is proceeding on that basis.

The 1953 Estimates contemplate that information on the 1952 cotton acreage planted and harvested on all farms will be obtained in a similar manner. Since the amount of $1,000,000 would permit the actual measurement of only a fraction of the cotton acreage, it is proposed that this language be deleted.

The second change in language is for the purpose of increasing by $200,000 the limitation on the amount which may be transferred to the administrative expense account established pursuant to Sec. 392 of the Agricultural Adjustment Act of 1938. This change is consistent with the increase proposed in the Department estimates for work necessary to assure production of crops in short supply, for assistance to farmers in obtaining equipment and materials required to achieve the needed production, and for pay adjustment costs under Public Law 201.

STATUS OF PROGRAM

The critical world situation which developed during the fiscal year 1951 so drastically changed the supply-requirement relationship of most agricultural commodities that it became necessary to make major adjustments in the production pattern for the crop year 1951. Acreage allotment and marketing quota programs remain in effect on only two of the basic commodities, tobacco and peanuts. For the other basic commodities, cotton, wheat, corn, and rice it was necessary to shift the emphasis to getting the maximum feasible production to provide adequate supplies for rapidly-growing domestic demands, for assistance to friendly nations, and to provide ample reserves for possible unforeseen emergencies.

Tobacco Acreage Allotment and Marketing Quota Program

Kinds of Tobacco

For the purpose of carrying out the provisions of the Agricultural Adjustment Act of 1938, as amended, the various kinds of tobacco are divided into their recognized classifications and each kind of tobacco is treated as a separate commodity.

Proclamation of Quotas

Quotas must be proclaimed whenever the total supply of tobacco as of the beginning of the marketing year then current exceeds the reserve supply level. Regardless of the supply situation, however, a quota must be proclaimed for each kind of tobacco for which a quota was proclaimed in the preceding year. The quota for any marketing year may be proclaimed between the beginning of the preceding marketing year and the following December 1.

Public Law 178, 82nd Congress, approved October 17, 1951, authorizes the Secretary to make one-year adjustments in the quotas of the various types of tobacco where necessary because of the supply situation, without changing the quota for the whole kind of tobacco into which that type fits.

For the 1952 crops quotas were proclaimed on the following dates:

Kind of tobacco	Date
Flue-cured	November 28, 1951
Burley	November 28, 1951
Fire-cured	November 8, 1951
Dark air-cured	November 8, 1951
Virginia sun-cured	November 8, 1951
Southern Maryland	November 8, 1951
Cigar filler and binder (continental types)	November 7, 1951
Pennsylvania filler, type 41	November 7, 1951

Amount of Quota

The marketing quota proclamation specifies in pounds of tobacco the quantity which may be marketed during the next following marketing year. It is an amount which will make available for marketing during the year a supply of tobacco equal to the reserve supply level. This is the national marketing quota. Quotas were proclaimed for 1952 as follows:

Kind of tobacco	Number of pounds	Number of acres
Flue-cured	1,357,000,000	1,130,000
Burley	591,000,000	475,000
Fire-cured	64,300,000	56,800
Dark air-cured	29,900,000	26,600
Virginia sun-cured	4,042,000	4,800
Southern Maryland	40,200,000	49,000
Pennsylvania filler, type 41	46,700,000	30,500
Cigar filler and binder (other types)	76,200,000	50,000

Referendum

Within thirty days after the issuance of the proclamation of quotas, a referendum must be held. The provisions relating to tobacco provide that in addition to voting on whether quotas are favored for a period of one year, the Secretary shall also submit the question of whether quotas are favored for a period of three years. Farmers voting in referenda held December 7, 1951, voted as follows:

Kind of Tobacco	Approved	Disapproved	Marketing Years Covered
Fire-cured	X		1952-53;1953-54;1954-55
Dark air-cured	X		1952-53;1953-54;1954-55
Southern Maryland		X	
Pennsylvania filler		X	
Cigar filler and binder (other types)		X	

Termination or Increase in Quotas

The quota may be increased or terminated if, after investigation, it is determined that such action is necessary (1) to make available free of marketing restrictions a normal supply of tobacco (this must be done by March 1), (2) to meet a national emergency, and (3) to meet an increase in demand.

It was anticipated this year that the higher level of industrial activity would stimulate the demand for flue-cured and burley tobaccos which are used chiefly in the manufacture of cigarettes. In order to have a safe margin, quotas were increased in February 1951 for the 1951 crop of flue-cured from 1,235,000,000 to 1,297,000,000 pounds and for burley from 542,000,000 to 580,000,000 pounds.

State Marketing Quotas and Acreage Allotments

The national marketing quota is apportioned among the States on the basis of historical production and the volume of tobacco apportioned to each State is converted to a State acreage allotment on the basis of the average yield per acre during the preceding five years adjusted for abnormal conditions of production.

There are set forth below by States and by kinds of tobacco the acreage allotted for 1951 and 1952:

State and kind of tobacco	Acreage Allotted 1951	1952
Flue-cured		
Alabama	589	572
Florida	23,363	23,414
Georgia	113,520	113,969
North Carolina	740,518	744,348
South Carolina	128,680	129,829
Virginia	112,412	112,837
Reserve for new farms		5,645
Total	1,119,082	1,130,614
Burley		
Alabama	58	54
Arkansas	97	85
Georgia	142	119
Illinois	20	14
Indiana	12,047	11,815
Kansas	263	206
Kentucky	310,458	310,348
Missouri	5,347	5,234
North Carolina	13,902	13,349
Ohio	15,507	15,302
Oklahoma	6	6
Pennsylvania	2	2
South Carolina	7	6
Tennessee	94,302	91,959
Virginia	15,864	15,400
West Virginia	4,060	4,043
Reserve for new farms		2,351
Total	472,082	470,293

	Acreage Allotted 1951	1952
Fire-cured		
Illinois	1	1
Kentucky	22,776	22,585
Tennessee	23,507	23,434
Virginia	10,634	10,567
Reserve for new farms	-----	285
Total	56,918	56,872
Dark air-cured		
Indiana	138	124
Kentucky	22,947	22,858
Missouri	5	4
Tennessee	3,550	3,533
Reserve for new farms	-----	133
Total	26,640	26,519
Virginia sun-cured		
Virginia	4,348	4,747
Reserve for new farms	-----	24
Total	4,348	4,771
Cigar filler and binder		
Connecticut	11,377	11,885
Indiana	- -	2
Iowa	9	9
Massachusetts	5,711	5,880
Minnesota	422	439
New Hampshire	12	12
New York	478	495
Ohio	6,730	7,295
Pennsylvania	444	581
Vermont	12	12
Wisconsin	22,146	22,710
Reserve for new farms	-----	498
Total	47,341	49,818

Peanut Acreage Allotment and Marketing Quota Program

Proclamation of Quota

A national marketing quota must be proclaimed between July 1 and December 1 of each calendar year regardless of the supply situation. On November 21, 1951, a national marketing quota of 650,000 tons was proclaimed for the 1952 crop of peanuts.

Amount of Quota

The amount of the national marketing quota is that quantity of peanuts which will make available from the crop with respect to which the quota is proclaimed, a supply equal to the average quantity of peanuts harvested for nuts during the five years preceding the year for which the quota is proclaimed, adjusted for current trends and prospective demand conditions. The quota may be terminated or increased to meet a national emergency or an increase in export demand.

Referendum

No referendum was necessary in 1951 since farmers voting in a referendum held December 14, 1950, approved quotas with respect to the 1951, 1952 and 1953 crops.

National Acreage Allotment

The national marketing quota, expressed in tons of peanuts, is converted to a national acreage allotment by dividing the quota by the normal yield per acre determined on the basis of the average yield per acre in the preceding five calendar years. Adjustments are made for trends in yields and for abnormal conditions of production affecting yields during the five-year period. The national acreage allotment for 1952 is 1,673,102 acres (1,300,000,000 pounds divided by the normal yield of 777 pounds per acre).

State Acreage Allotments

The national acreage allotment is apportioned among the States on the basis of their share of the national acreage allotment for the most recent year in which an apportionment has been made. Public Law 17, approved April 12, 1951, provides for increases in acreage for any specific type or types of peanuts in short supply. The additional acreage is in addition to the national acreage allotment, the production from the additional acreage is in addition to the national marketing quota, and the increase in acreage is not to be considered in establishing future State, county, or farm acreage allotments.

There are set forth below, by States, the acreages allotted under the 1951 and 1952 programs:

	Acreage Allotment 1951	Acreage Allotment 1952 (Preliminary) 1/
Alabama	245,365.0	226,508
Arizona	801.0	746
Arkansas	4,771.4	4,385
California	1,050.0	977
Florida	61,943.2	56,924
Georgia	592,929.0	545,171
Louisiana	2,191.0	2,040
Mississippi	8,455.1	7,853
Missouri	274.0	255
New Mexico	6,351.3	5,099
North Carolina	238,890.0	175,429
Oklahoma	155,811.5	142,705
South Carolina	17,081.0	14,282
Tennessee	4,654.8	3,704
Texas	401,233.5	368,980
Virginia	147,481.2	109.678
Total apportioned to States	1,889,283.0	1,664,736
Reserve for new growers	- -	8,366
Total	1,889,283.0	1,673,102

Cotton Acreage Allotments and Marketing Quotas

The domestic outlook for cotton in 1951 was directly opposite that in 1950 when cotton was in surplus position. The supply and demand situation affected by the outbreak of hostilities in Korea and the defense mobilization program required greatly increased cotton production in 1951. Therefore, no acreage allotments or marketing quotas were proclaimed for cotton in 1951.

On October 15, 1951, it was announced that acreage allotments and marketing quotas would not apply to the 1952 crop of cotton. Although cotton producers responded admirably to the Department's request for increased cotton production in 1951, the supply of cotton is not only considerably short of a "quota position" but the potential carryover is also considerably below a desirable level for these times.

During the fiscal year 1951, work was carried on in connection with the marketing quota phase of the 1950 Cotton Acreage Allotment and Marketing Quota Program (the marketing year began August 1, 1950). Cotton marketing quota cards were issued to producers on approximately 1,217,000 cotton farms so that they could identify their cotton to buyers as not subject to penalty.

Wheat, Corn, and Rice Acreage Allotments and Marketing Quotas

On January 7, 1951, the acreage allotment of 72.8 million acres established for the 1951 crop of wheat was terminated because of

the need for maximum production of the food and feed grains in the national emergency. At the same time it was announced that no acreage allotments would be in effect for the 1951 crop of corn.

On February 1, 1951, rice acreage allotments on the 1951 crop of rice were terminated because of the need for maximum production to assure adequate supplies for probable export under the national defense program.

Production Goals and Assistance to Farmers
(Financed in Fiscal Year 1951 from Defense Production Funds)

The primary responsibility for getting increased production of needed agricultural commodities was assigned to the Production and Marketing Administration. The mechanisms used to carry out this responsibility are production goals and assistance to farmers in obtaining production materials and facilities.

The need for all-out production does not mean increased production of all commodities. It requires careful planning to get the right number of acres in the right parts of the country planted to the particular crops needed and to follow a land-use pattern that will assure high levels of production during the next three, five, or even ten years when production requirements may be even greater than they are at the present time. It is worthy of note that the desired increases in agricultural output must be produced within a virtually constant total acreage by means of greatly increased yields per acre. This increased yield must come from improved varieties of seeds, widespread use of conservation practices, increased mechanization and more general use of pesticides and other production aids.

Production Goals

Production goals proved very effective during World War II in getting tremendous increases in production of all major crops and livestock.

How Goals are Set

Food, feed, and fiber requirements are determined taking into consideration prospective domestic and foreign requirements and the need for safe reserves as protection against the possibility of short crops or drastic changes in demand growing out of changing world conditions.

The total requirements are then checked against farm production capacity studies made by various agencies of the Department. These studies indicate the acreage that can successfully be grown and harvested and the number of livestock that can be raised under existing conditions.

After all factual reports are carefully weighed, tentative national production goals for each commodity are prepared with a suggested breakdown by States. The tentative goals are sent to the States for consideration in the light of local conditions. Each of the States holds a "goals" meeting where State recommendations are determined. The State recommendations are correlated and adjusted, if necessary, and the total of the goals approved for each State become the national goals.

The national goals are broken down into State and county goals on the basis of land capabilities in the various areas so that each acre will be utilized to the maximum thereby improving the chances that production will reach the established goals.

The goals for 1952 call for a new record high crop production with primary emphasis on feed grains. The present and prospective livestock numbers require larger quantities of feed than will be available from the 1952 harvest. Feed reserves are expected to fall by one-third during the present feeding year and will reach an undesirably low level by the year end. Maintenance or expansion in livestock feeding in 1952-53 will require a major expansion in feed production. The situation in feed grains, together with the need to maintain a high level of cotton production, necessitates a reduction in acreage of some crops for which the urgency of production is not so apparent.

The table below reflects 1951 acreage goals, estimated 1951 planted acreage, and preliminary acreage goals for 1952 for some of the major crops:

	1951 Goals (1,000 acres)	1951 Estimated Planted Acres (1,000 acres)	1952 Preliminary Goals (1,000 acres)
Corn	90,000	86,221	90,000
Sorghums for grain	7,150	8,767	9,000
Oats	43,500	42,820	42,500
Barley	13,235	11,275	12,865
Wheat, spring	21,400	22,288	21,570
Soybeans for beans	13,000	13,102	12,000
Flaxseed	4,000	3,878	4,000
Dry edible beans	1,632	1,540	1,710
Rice	1,900	1,959	1,950
Cotton	28,535	29,510	27,500
Sweet potatoes	573	405	550
Truck crops:			
Fresh market (25)	2,000	1,705	1,800
Processing (11)	2,000	1,898	1,850

In the case of tobacco and peanuts the acreage allotments established under the Acreage Allotment and Marketing Quota programs are treated as the goals.

In working with the individual farmers, emphasis is placed on getting the most out of each acre of land. For example, if in a particular area, more feed will be produced from an acre in oats, sorghums or wheat, instead of an acre of corn, the farmer is encouraged to plant oats, sorghums or wheat.

Any seasonal problems caused by adverse weather, insect infestation, plant diseases, etc., calls for additional intensive work to provide for the best alternative uses of land.

Assistance to Farmers in Attaining Needed Production

To help farmers attain production goals, the Administration aids them in obtaining needed farm machinery and equipment, farm labor, fertilizers, etc.

State PMA Committees make monthly appraisals of materials and facilities needed for the production of food. The appraisal is based on a summary of information which comes to the attention of the State office through farmer fieldmen, county committeemen, State and County PMA personnel, State and County Mobilization Committees, other Governmental agencies, and the public.

The appraisal includes the following types of information with respect to new equipment and with respect to materials and facilities needed for maintenance, repair and operations:

1. Any shortage of needed materials and facilities (existing or anticipated).

2. Any difficulties or dislocations in the normal pattern of distribution (existing or anticipated).

3. The distribution level -- manufacturer, wholesaler, jobber, or retailer -- at which the shortage or difficulty exists or is in prospect.

4. The extent of the shortage or difficulty -- local, area-wide or State-wide.

5. The probable cause of the shortage or difficulty; i.e., unusual heavy insect infestation, transportation inadequacy, etc.

6. Estimate of the probable duration of the situation reported.

7. Extent of shortage or difficulty -- whether it applies to all materials or supplies of a given type or to specialized products only.

8. An objective estimate of the degree to which the shortages or distribution difficulties are likely to adversely affect agricultural production.

9. Any indications of unexpected abundance or surplus of key materials or facilities which are considered generally to be in short supply.

This report is prepared on the fifteenth day of each month covering the prior thirty-day period. However, if any critical or significant situations arise, special reports are submitted promptly by the State Committees.

Farm Machinery and Equipment

Experience during World War II proved that statistical methods, based largely on historical production data, could not be relied upon to determine realistic farm machinery and equipment requirements. Because of the time element, requirements for 1951 had to be determined in the fall of 1950 by statistical methods. This further indicated that the only method which could be depended upon to reflect the pertinent factors in their proper perspective would be a comprehensive survey so conducted as to register the composite judgment of farmers, of others actually concerned with production, and of the people who make and distribute farm machinery and equipment.

In March and April, 1951, such a survey was conducted in all agricultural counties in the nation. PMA committeemen, working with local implement dealers, county extension agents, and local agricultural leaders, determined how much new machinery and repair parts would be needed during the year in comparison to what they had received in 1949 to meet the all-out production being requested. County figures were reviewed and consolidated by each of the State PMA Committees, with the advice and assistance of the Agricultural Mobilization Committees. The State summaries were reviewed, consolidated, and analyzed and formed the basis for determining requirements for farm machinery and equipment.

Farm Labor

The sharp expansion in nonagricultural employment and the armed forces has stimulated migration from farms. Latest available statistics show that the farm population of 23,276,000 (as of April 1951) was a million lower than the previous low point reached in 1945.

In carrying out the responsibilities assigned by Secretary's Memorandum 1283, the policy of the Production and Marketing Administration is to take the initiative in seeing that manpower agencies are provided with data on the food, feed, and fiber programs and needs and in offering cooperation to the manpower agencies. The claimant and liaison activities of the Administration are carried out through established administrative channels within the Department.

PMA State and County Committees work closely with State and local Employment Service offices so that they may plan and conduct recruitment and guidance programs. The PMA State Committees, as well as the County Committees, also render other valuable types of assistance, such as:

1. Assisting in making preseason estimates of labor needs and determining potential sources of supply,

2. Encouraging farmers to place firm orders, including full information regarding employment conditions, with local employment offices,

3. Discouraging the hoarding and pirating of labor.

4. Encouraging farmers to use local sources of labor such as business men, women, part-time workers, etc., when usual sources of supply are inadequate,

5. Encouraging communities relying on out-of-area labor to provide needed community programs and facilities for such labor.

Assistance to Selective Service

The Department has specific responsibilities for cooperating with the Selective Service by providing factual production data. In addition to providing background facts and figures on production, PMA State and County Committees furnish local boards with information on labor needs to meet production schedules. Close working relationships between PMA State and County Committees and State and local Selective Service offices is very important in the classification of key agricultural workers.

Fertilizers and Pesticides

In the spring of 1951 PMA State and County Committees conducted surveys on the fertilizer and pesticide situation to determine requirements upon which to base requests for basic materials.

Continuing studies are made of the fertilizer and pesticide situation to determine methods of making the best use of available supplies.

In addition to the above specific jobs, the PMA State and County Committees contribute materially to handling many difficult farm problems and assist farmers in every feasible way to meet established production goals.

SUGAR PROGRAM

Purpose Statement

The principal objective of the sugar program, carried out under the Sugar Act of 1948, as amended, is to protect the welfare of domestic producers and consumers of sugar. The attainment of this objective involves the determination of United States consumption requirements, the administration of quotas to regulate imports of sugar produced in foreign areas and marketing of sugar produced in domestic areas, and the making of payments to domestic producers of sugar beets and sugarcane.

The continental United States produces sugar from both sugar beets and sugarcane. Additional quantities of sugar are produced from sugarcane in Hawaii, Puerto Rico, and the Virgin Islands. The domestic sugar output, produced at a higher cost per unit than in foreign areas, falls far short of meeting the nation's requirements. To meet total needs, the United States must import substantial quantities of sugar from foreign areas, mainly from Cuba and the Philippines.

If unlimited quantities of sugar were permitted entry into the continental United States from Cuba, the Philippines, and other foreign countries, prices to domestic consumers under ordinary circumstances could be expected to be slightly lower. However, under the present wage standards in domestic producing areas, unlimited imports (unless accompanied by a substantially higher tariff) would place domestic producers in an extremely difficult, if not impossible, competitive position, or would force drastic wage reductions in domestic areas. Moreover, planting of other crops is not feasible in most of the domestic sugar-producing areas and the economy of these areas is dependent on sugar-producing crops.

Quotas - The Sugar Act of 1948, as amended, provides the quota system to balance supply with demand. Under quotas, the Secretary of Agriculture, as authorized by the Act, determines at the end of each calendar year the consumption requirements for the coming year. This determination is not necessarily final but may be changed later as actual consumption requirements change. For example, the 1951 quota was increased from 8,000,000 short tons to 8,250,000 short tons following the heavy distribution in May. Distribution in the third quarter was lower for the same quarter in twelve of the past sixteen years. Therefore, on October 16, the determination of the quantity required to meed requirements was reduced 350,000 tons to a total of 7,900,000.

The quota provisions of Public Law 140, 82nd Congress, approved September 1, 1951, do not become effective until January 1, 1953. Basic quotas under existing legislation for the five domestic producing areas - domestic beet, mainland cane, Hawaii, Puerto Rico, and the Virgin Islands - total 4,268,000 tons and for the Philippines, 982,000 tons. Additional imports to meet requirements are apportioned on the basis of 98.64 percent to Cuba and 1.36 percent to a group of other foreign countries. Effective January 1, 1953, basic quotas for the five domestic producing areas will be 4,444,000 short tons and for the

Philippines, 952,000 tons. The additional requirements will be apportioned on the basis of 96 percent to Cuba and 4 percent to foreign countries other than Cuba and the Republic of the Philippines.

Production Adjustment - The Act provides that if production in any area will be greater than the quantities necessary to fill quotas and provide a normal carry-over inventory, restrictive proportionate shares, expressed in acres or sugar, shall be established. A restrictive program is designed to result in the production of sugar to meet the quota and provide a normal carry-over for the area. The quota for the area is divided among individual growers, and as one of the conditions for payment, production must not exceed the proportionate share.

Payments - Domestic producers of sugar beets receive conditional payments averaging about $2.50 per ton of beets. For producers of sugarcane the payments within the various domestic producing areas range from about 80 cents to $1.62 per ton of cane. The Sugar Act imposes a special tax of 50 cents per hundredweight of sugar, raw value, on all manufactured sugar from sugar beets or sugarcane either produced in or brought into the continental United States.

Revenue - From the inception of the program in the 1938 fiscal year through the fiscal year 1951, $971,085,559 of sugar excise and import taxes have been collected while expenditures under the program have amounted to only $732,341,629.

	Appropriated, 1952	Budget Estimate, 1953
Appropriated funds	$70,000,000	$70,000,000

(c) Sugar Act Program

Appropriation Act, 1952 and Base for 1953	$70,000,000
Budget Estimate, 1953	70,000,000
Change	- -

SUMMARY OF INCREASES AND DECREASES, 1953

A decrease in conditional payments to sugar producers for the 1952 crop	-30,798
To increase the rate of pay of PMA County Committee personnel to bring them more in line with rates paid in private industry and Federal agencies for comparable work	+29,242
To provide for part of the pay adjustment costs pursuant to Public Law 201	+1,556

PROJECT STATEMENT

Project	1951	1952 (estimated)	Increases or decreases	1953 (estimated)
1. Payments to sugar producers:				
(a) Continental beet area	$33,851,808	$27,792,802	+$3,707,198	$31,500,000
(b) Continental cane area	7,035,088	7,587,000	+63,000	7,650,000
(c) Offshore cane area	21,363,104	33,139,859	-3,800,996	29,338,863
Total payments	62,250,000	68,519,661	-30,798(1)	68,488,863
2. Operating expenses	1,500,000	1,480,339	+30,798(2)	1,511,137
Total pay adjustment costs	[- -]	[74,280]	[+1,556]	[75,836]
Total appropriation or estimate	63,750,000	70,000,000	- -	70,000,000

INCREASES AND DECREASES

(1) Decrease of $30,798 for conditional payments to sugar producers on 1952 crop.

The 1952 Agricultural Appropriation Act provided $68,519,661 for payments to producers. The production of sugar from the 1951 crop is estimated at 4,358,000 tons. Based upon statutory rates provided in the Sugar Act of 1948 conditional payments thereunder will require a total of $63,772,963. The balance of $4,746,698 was used to complete payments on the 1950 crop.

The production of sugar from the 1952 crop is estimated at 4,715,000 tons, an increase of 357,000 tons above the 1951 crop. However, a 4,715,000 ton crop will require payments to producers totaling $68,488,863, a decrease of $30,798 under the appropriation for conditional payments carried in the 1952 Appropriation Act.

The following tables indicate the source of financing and by areas the payment to producers, the tonnage and the number of payees under the 1950, 1951 and 1952 programs:

Program Year	Appropriation 1950	Appropriation, 1951	Appropriation, 1952	Budget Estimate, 1953	Total on Program Year Basis
1950 Crop Program	$800,000	$62,250,000	$ 4,746,698	- -	$67,796,698
1951 Crop Program	- -	- -	63,772,963	- -	63,772,963
1952 Crop Program	- -	- -	- -	$68,488,863	68,488,863
Total Program Payments	- -	62,250,000	68,519,661	68,488,863	- -

VALUE OF PRODUCTION

Area of Production	1950 Crop (estimated)	1951 Crop (estimated)	1952 Crop (estimated)	Increase or Decrease 1952 Compared with 1951
Payments to sugar producers:				
Continental sugar beet area	$33,851,808	$27,792,802	$31,500,000	+$3,707,198
Continental sugar cane area	7,835,088	7,587,000	7,650,000	+63,000
Hawaii	8,471,293	10,500,000	10,770,000	+270,000
Puerto Rico	17,500,000	17,777,161	18,383,863	+606,702
Virgin Islands	138,509	116,000	185,000	+69,000
Total	67,796,698	63,772,963	68,488,863	+4,715,900

TONNAGE OF PRODUCTION

Area of Production	1950 Crop (estimated) (tons)	1951 Crop (estimated) (tons)	1952 Crop (estimated) (tons)	Increase or Decrease 1952 Compared with 1951 (tons)
Continental sugar beet area	2,006,000	1,550,000	1,800,000	+250,000
Continental sugar cane area	565,000	500,000	500,000	- -
Hawaii	960,000	1,050,000	1,097,000	+47,000
Puerto Rico	1,238,000	1,250,000	1,306,000	+56,000
Virgin Islands	10,800	8,000	12,000	+4,000
Total	4,779,800	4,358,000	4,715,000	+357,000

PAYEES

Area of Production	1950 Crop (estimated)	1951 Crop (estimated)	1952 Crop (estimated)
Number of payees:			
Continental sugar beet area	54,800	62,500	62,500
Continental sugar cane area	9,070	10,250	10,250
Hawaii	1,190	1,600	1,600
Puerto Rico	16,200	14,000	16,500
Virgin Islands	560	554	550
Total	81,820	88,904	91,400

(2) An increase of $30,798 for operating expenses, as follows:

(a) An increase of $1,556 to meet part of the pay adjustment costs in National and State offices pursuant to Public Law 201.

(b) An increase of $29,242 to provide for increasing rates of pay of PMA County personnel so that they will be more comparable with salaries paid for similar work in private industry and Federal agencies in the same vicinity.

A complete explanation of the need for such adjustments is included under the item "Conservation and Use of Agricultural Land Resources".

CHANGE IN LANGUAGE

The estimates include a proposed change in the language of the item as follows (new language underscored; deleted matter enclosed in brackets):

> To enable the Secretary to carry into effect the provisions of the Sugar Act of 1948 (7 U.S.C. 1101-1160), $70,000,000, to remain available until June 30 of the next succeeding fiscal year: Provided, That expenditures (including transfers) from this appropriation for other than payments to sugar producers shall not exceed [$1,500,000] $1,511,137.

The proposed change in language increases the amount of the administrative expense limitation from $1,500,000 to $1,511,137 to provide for increasing the rates of pay of county committee personnel and for part of the pay adjustment costs as proposed in the Budget estimates.

STATUS OF PROGRAM

The program carried out pursuant to the provisions of the Sugar Act encourage domestic growers to produce at least a portion of the sugar required for domestic consumption by assuring a market, at fair prices, for a specified production. It is doubtful if any appreciable quantity of sugar would be grown in this country if producers had to compete on an open world market against the cheap production in other countries. Consumers have benefitted because there have been adequate supplies at moderate prices, prices far lower than those prevailing in almost any other country which does not reduce the price of sugar artificially by means of a consumer subsidy. Under the provisions of the Sugar Act, wages of field workers in all U. S. areas have increased substantially.

Consumer Requirements

The Act provides that the Secretary of Agriculture shall determine, in December of each year, the consumer requirements for the succeeding year. This determination may be revised during the course of the year as actual consumption requirements warrant.

The following factors are used in determining consumer requirements:

1. Level of consumption during preceding year
2. Deficiency or surplus in inventories of sugar
3. Level and trend of consumers' purchasing power
4. Changes in population and demand conditions
5. Relationship of wholesale refined sugar prices to the Consumers' Price Index for two periods:
 a. The calendar year for which the consumer requirement determination is made, and
 b. The period between January - October 1947.

Sugar Requirements and Distribution, 1951

Based upon consumption requirements, statutory quotas in terms of absolute quantities for the domestic areas and the Philippines are established. The shares of Cuba and other foreign countries are expressed as a residual.

In December 1950 it was determined by the Secretary of Agriculture that total quota supplies of 8,000,000 short tons, raw value, of sugar would be needed to meet the requirements in the continental United States during 1951. It was believed this quantity would result in fair prices and would permit unrestricted consumption and the maintenance of January 1 stocks. Following two months of low demand, distribution rose sharply in May and by June 2, distribution had exceeded that for the corresponding period in 1950 by about 350,000 tons. On June 8, the quota was increased to 8,250,000 tons. Distribution of sugar, after the sharp rise in May, fell behind 1950, and by October 6, was about 600,000 tons below that for the same period in 1950. Distribution during the third quarter totaled 1,803,000 tons, which was lower for that quarter than for the same quarter in 12 of the past 16 years. On October 16, the determination of the quantity needed to meet requirements was reduced 350,000 tons to a total of 7,900,000 tons.

Basic and adjusted quotas for the calendar years 1950 and 1951 are shown in the following table:

Production Area	Final Quotas Calendar Year, 1950		Quotas Calendar Year, 1951 as of October 16, 1951	
	Basic (Tons)	Adjusted (Tons)	Basic (Tons)	Adjusted (Tons)
Domestic beet	1,800,000	1,899,000	1,800,000	1,700,000
Mainland cane	500,000	546,861	500,000	500,000
Hawaii	1,052,000	1,150,594	1,052,000	962,000
Puerto Rico	910,000	1,060,545	910,000	956,479
Virgin Islands	6,000	11,000	6,000	6,306
Republic of the Philippines	982,000	532,000	982,000	782,000
Cuba	3,403,080	3,430,580	2,959,200	2,947,175
Other foreign countries	46,920	69,420	40,800	46,040
Total	8,700,000	8,700,000	8,250,000	7,900,000

If any domestic area or any foreign country cannot fill its quota, provision is made for reallocation of the deficit to other areas or countries.

Establishing Restrictive Proportionate Shares

Legislation provides that if production in any area will be greater than the quantities necessary to fill quotas and provide a normal carryover inventory, restrictive proportionate shares for individual farms, expressed in acres or sugar, shall be established. A restrictive program is designed to provide a normal carryover for the area. The quota for the area is divided among individual growers and, as one of the conditions, production must not exceed the proportionate share. Restrictive proportionate shares were not required for the 1951 crop.

Estimating Marketing Allotments

The Act provides that marketing allotments be established for any area, if necessary, to afford each processor an opportunity to market his fair share of the area's quota and to avoid disorderly marketing. A marketing allotment program is in effect for Puerto Rico in 1951.

Making payments to producers

The Act provides for benefit payments to domestic growers of sugar beets and sugarcane. The basic rate of payment is 80 cents per hundred pounds of sugar, raw value, which applies to the first 350 short tons, raw value, produced on a farm. The base rate is reduced progressively to a minimum of 30 cents per hundred pounds of sugar produced in excess of 30,000 short tons on the farm.

Payment is made only to farmers who have not marketed or processed sugar beets or sugarcane in excess of their proportionate shares in the applicable area quota. Employer-producers must meet certain standards with respect to child labor and must pay their labor fair wages as determined by the Secretary. Non-compliance with fair wage determinations results in deduction from payments the amount required to fully remunerate underpaid laborers.

Processor-producers must pay other beet and cane producers, from whom they buy, fair prices as determined by the Secretary. Non-compliance disqualifies a processor-producer for payment.

Conditional payments are also authorized in case of bona-fide crop abandonment. Such payments are made on one-third of the normal commercial sugar production of the bona-fide abandonment area. Payments in case of crop deficiencies of harvested acreage resulting directly from drought, flood, storm, freeze, disease, or insects which cause damage to all or a substantial part of the crop of sugar beets or sugarcane in the same local producing area may be made on the difference of 80 percent of the normal commercial sugar production and the actual yield obtained.

The following table shows the total conditional payments, the abandonment and deficiency payments, and the number of payees for the 1949 and 1950 crop years, by areas:

Payments under the Sugar Program for the Crop Years 1949 and 1950, and the Number of Payees by Areas

Payments and Payees	Continental Beet Area	Continental Cane Area	Hawaii	Puerto Rico	Virgin Islands	Total
Payments on sugar beets or sugarcane:						
1949	$25,845,420	$6,919,145	$8,437,619	$17,430,007	$65,586	$58,697,777
1950	32,741,688	7,801,113	8,471,293	1/ 17,350,000	138,509	66,502,603
Abandonment & deficiency payments:						
1949	738,093	181,118	-	79,824	-	999,035
1950	1,110,120	33,975	-	1/ 150,000	-	1,294,095
Total payments:						
1949	26,583,513	7,100,263	8,437,619	17,509,831	65,586	59,696,812
1950	33,851,808	7,835,088	8,471,293	1/ 17,500,000	138,509	67,796,698
Payees:						
1949	45,740	9,735	1,339	16,181	554	73,549
1950	54,800	9,070	1,190	16,200	560	81,820

1/ Estimated

Excise and Import Taxes

The Act imposes an excise tax of 50 cents per hundred pounds of sugar, raw value, on all manufactured sugar from sugar beets or sugarcane either produced in or brought into the continental United States. An import compensating tax is imposed at the same rate on all sugar brought into the United States for direct consumption without further processing.

The following table shows the taxes collected compared with obligations under the Sugar Program:

Sugar Tax Collections Compared with Obligations Under the Sugar Program

Fiscal Year	Sugar Tax Collections			Total Obligations
	Excise Tax	Import Tax	Total	
1938	$30,569,130	$2,812,488	$33,381,618	$22,074,400
1939	65,414,058	3,494,636	68,908,694	52,460,654
1940	68,145,358	5,461,115	73,606,473	47,212,400
1941	74,834,839	4,876,470	79,711,309	47,677,678
1942	68,229,803	3,778,003	72,007,806	47,869,513
1943	53,551,777	3,383,987	56,935,764	55,638,374
1944	68,788,910	3,906,567	72,695,477	54,818,026
1945	73,293,966	3,262,197	76,556,163	52,359,899
1946	56,731,986	3,059,490	59,791,476	48,418,425
1947	59,151,922	4,755,224	63,907,146	53,343,569
1948	71,246,834	3,275,892	74,522,726	54,794,413
1949	76,174,356	4,139,161	80,313,517	71,924,278
1950	71,188,029	3,899,072	75,087,101	60,000,000
1951	80,191,884	3,468,405	83,660,289	63,750,000
Total	917,512,852	53,572,707	971,085,559	732,341,629

Making Special Determinations

Certain determinations issued by the Secretary with respect to the payment provisions of the Act must be constantly reviewed to determine whether revisions are necessary because of changes in cultivation, harvesting, and processing of sugar beets and sugarcane.

Minimum Wage Rates

During the last 15 years minimum wage rates of field workers in all domestic areas have almost quadrupled. Average earnings of field workers exceed minimum wage rates in each of the areas for a number of reasons, such as:

1. Inclusion of overtime premium payments;
2. Task work premium payments;
3. Higher basic wage rates paid by some, or all, producers:
4. Higher rates paid for specialized skills.

In Louisiana, Puerto Rico, and the Virgin Islands, average earnings exceed the minimum rates by relatively small amounts. In other areas, earnings exceed minimum wage rates by from 15 to 35 percent.

Wage Determinations

Wage determinations were issued covering work performed on farms in the production, cultivation, and harvesting of sugarcane or beets in each of the domestic sugar-producing areas.

There are shown below the wage determinations made for the domestic areas for 1951 as compared with wage determinations in 1950:

Area	Action taken as Compared with Wage Determination in Previous Year
Mainland Cane	
Florida	Basic time rates for all classes of workers increased 5 cents per hour. Differential rate for female workers discontinued.
Louisiana	
Harvesting	Basic minimum wage rates for all classes of workers increased 20 cents per 9-hour day.
Production & Cultivation	
Puerto Rico	No change in basic minimum wage rates.
Virgin Islands	Basic minimum wage rates increased 5 to 25 cents per hour for workers of various skills.
Hawaii	No change in basic minimum wage rates.
Sugar beets	
California, Southwestern Arizona and South Oregon	Basic minimum time wage rates increased 5 cents per hour.
Regions other than California, Southwestern Arizona and Southern Oregon	Basic minimum piecework rates increased $1.83 per acre or 4.5 percent. Basic minimum time rates unchanged.

Price Determinations

Fair and reasonable price determinations were issued for each of the areas, except Hawaii. These determinations set forth the minimum prices which processor-producers must pay to other producers of sugarcane or sugar beets. Important changes were made in the provisions of price determinations for Florida, Louisiana, Puerto Rico, and the Virgin Islands, such as:

1. Requirement that settlements be based upon the quality of indivisual grower's sugarcane;
2. Changes in the methods of determining the quality of sugarcane;
3. Revisions in the sharing between processors and producers of returns from sugar and molasses, and
4. Establishment of methods of settlement for raw sugar within and not within statutory quotas.

Supplies of Sugar (April - June 1951)

For the first time the Department released a report on estimated total stocks, receipts, and deliveries or usage for all retailers, wholesalers, and industrial users in the continental United States, with the exception of small establishments located in places of 2,500 population or less. The basic data were collected and compiled, and total estimated for the Department by the Bureau of the Census.

Special and Emergency Action

In order to permit full utilization of handicapped workers in critical manpower areas in California, Southwestern Arizona, and Southern Oregon, a wage rate determination was made to provide a special rate for handicapped workers.

NATIONAL SCHOOL LUNCH PROGRAM

Purpose Statement

This program, authorized by the National School Lunch Act of June 4, 1946, is designed to: (1) improve the health and well-being of the Nation's children, and (2) broaden the market for agricultural food commodities.

Federal assistance, in the form of both funds and food, is provided to States and Territories for use in serving nutritious midday meals to children attending schools of high school grades and under. To be eligible for participation in this program schools must operate their lunch rooms on a non-profit basis and must comply with minimum requirements set forth in the agreement entered into by the State educational agency and the United States Department of Agriculture.

Each State must submit a plan of operation for approval of the Department by July 30 of each year. Meals served must meet minimum nutritional requirements established by the Department of Agriculture. The Type A or "complete" lunch furnishes 1/3 to 1/2 of the daily nutritional requirements of the child; the Type B meal, less adequate nutritionally, contains the same nutritional elements but in smaller quantities; and the Type C meal consists of 1/2 pint of milk only.

Each State's share of the total funds available is determined by a formula in the National School Lunch Act which takes into account: (1) the number of school children in the State, and (2) the relation of the per capita income in the United States to the per capita income in the State. The funds are paid to the States in quarterly installments and, upon submission of claims to the State agency, schools are reimbursed for a portion of the food cost of each meal served. Maximum Federal reimbursements for meals are 9 cents, 6 cents, and 2 cents for types A, B, and C meals, respectively. Lunches must be served free of charge, or at reduced prices to children who are unable to pay full cost of the lunch.

Federal funds paid to a State must be matched from sources within the State. From 1951 through 1955, States must contribute $1.50 for each Federal dollar. Beginning in 1956 States must contribute $3.00 for every Federal dollar.

In addition to the cash assistance, food is purchased and distributed by the Department under authority of Section 6 of the National School Lunch Act. In making these purchases, consideration is given to: (1) the nutritional value of the foods in order that they may assist in meeting the minimum nutritional requirements, and (2) the current market situation to insure that the food purchases represent the most economical and effective use of available funds. The National School Lunch Program provides the largest single outlet for surplus commodities purchased under the authority of Section 32 of the Agricultural Adjustment Act, as amended and price support commodities under Section 416 of the Agricultural Act of 1949.

	Appropriated, 1952	Budget Estimate, 1953
Appropriated funds	$83,367,491	$83,367,491

(d) National School Lunch Program

Appropriation Act, 1952	$83,367,491
Budget Estimate, 1953	83,367,491
Change	- -

PROJECT STATEMENT

Project	1951	1952 (estimated)	1953 (estimated)
1. Food assistance	$81,821,180	$81,875,000	$81,875,000
2. Operating expenses	1,314,094	1,492,491	1,492,491
Unobligated balance	189,726	- -	- -
Total pay adjustment costs	[- -]	[106,383]	[107,395]
Total available or estimate	83,325,000	83,367,491	83,367,491
Transferred to "Expenses of defense production"	+175,000	- -	- -
Total appropriation or estimate	83,500,000	83,367,491	83,367,491

STATUS OF PROGRAM

The School Lunch Program is designed to:

1. Broaden the market for agricultural food commodities by:

 a. providing an expanded market for agricultural commodities through local purchases of food by school lunch programs in commercial channels of trade;

 b. serving as a valuable outlet for agricultural commodities purchased by the Department to alleviate local and seasonal surpluses;

 c. expanding the outlet for highly nutritious foods, particularly in areas of nutritional deficiencies;

 d. introducing a wider varity of foods, thus creating a demand for commodities that many housewives would not otherwise buy.

2. Improve the health and well-being of the Nation's children by:

 a. providing them a well-balanced lunch at school to help fill their daily nutritional requirements.

 Experience indicates that children who get lunch under this program, compared with those who do not, show:

 (1) more rapid gain in weight and height;

 (2) better attendance records;

 (3) improvement in scholastic standing;

 (4) better deportment;

 (5) higher resistance to colds and other illnesses.

 b. Developing proper and nutritionally beneficial food habits which will continue in later life.

Current activity under the program includes:

1. Furnishing cash assistance to schools for food purchases by:

 a. apportioning among the States and Territories a minimum of 75 percent of the total food assistance funds available on the basis of need as indicated by:

 (1) State per capita income compared with United States per capita income,

(2) State population of children 5 to 17 years of age.

b. paying the apportioned funds to State agencies on a quarterly basis to enable them to reimburse participating schools for a portion of the food cost of lunches served when the schools:

(1) agree to operate on a nonprofit basis;

(2) serve meals meeting minimum nutritional standards prescribed by the Secretary of Agriculture;

(3) offer luncheon to all children attending the school and serve it free or at reduced cost to children who are unable to pay the full cost;

(4) agree to purchase commodities designated by the Secretary of Agriculture as being in abundance.

c. paying the funds directly to participating private schools in the 28 States where State laws forbid disbursement of Federal funds by State agencies to private schools. (A proportionate share of the State's total apportionment is set aside for this purpose.)

2. Furnishing food items to schools for lunch programs by:

a. purchasing foods under Section 6 of the National School Lunch Act to help schools meet nutritional requirements most economically and by arranging distribution through approved State distributing agencies;

(1) at a total cost not to exceed 25 percent of the food assistance funds;

(2) on the basis of their nutritional value and acceptability;

(3) in areas where they are most needed.

b. distributing to schools through approved State distributing agencies commodities acquired under the appropriation for removal of surplus agricultural commodities (Section 32);

c. distributing to schools, through approved State distributing agencies, commodities acquired by the Commodity Credit Corporation pursuant to Section 416 of the Agricultural Act of 1949.

3. Furnishing administrative and technical assistance to State agencies and participating schools with respect to:

 a. handling of funds;

 b. purchase and storage of food;

 c. proper use of equipment;

 d. preparation and serving of meals;

 e. maintenance of records and preparation of reports.

4. Making reviews and audits by:

 a. annual audits of the records of State agencies and selected schools;

 b. comprehensive administrative analyses of State agencies' operations under the program;

 c. administrative reviews in individual schools as necessary.

Examples of recent progress and trends:

The National School Lunch Program in 1951 continued to benefit an increasing number of children. School lunch operators purchased locally approximately $214,000,000 worth of agricultural commodities - $32,000,000 more than in 1950.

I. Extent of participation, by month, as indicated by the following table, and by State, as indicated by Table I:

Participation in the National School Lunch Program
Fiscal Years 1950 and 1951, by Month

Month	Number of Schools		Number of Children	
	Fiscal Year 1950	Fiscal Yr. 1951 (Preliminary)	Fiscal Year 1950	Fiscal Yr. 1951 (Preliminary)
July	1,349	1,590	137,944	166,137
August	5,043	5,698	621,398	687,419
September	40,863	43,492	6,538,489	7,055,602
October	47,722	50,681	7,446,455	8,239,010
November	51,821	54,436	7,802,408	8,638,194*
December	52,781	55,429	7,812,068	8,624,561
January	53,831	56,000	7,813,078	8,602,376
February	54,157	56,149	7,840,250*	8,480,124
March	54,303*	56,177*	7,734,491	8,216,202
April	52,428	54,619	7,367,239	8,101,881
May	47,478	49,524	6,833,503	7,370,440
June	14,752	14,734	2,408,144	2,622,866
Average September-June	47,014	49,124	6,959,612	7,595,126

*Peak month.

II. Quantity and Quality of Meals Served

A. Quantity

More children in participating schools were fed nutritious lunches over a longer period of the school year judging by (1) the high participation at the outset of the school year; (2) the maintenance of this high rate throughout the school year; and (3) the increase in total number of meals served. The total number of meals served was about 117,000,000 greater - an estimated 1,393,000,000 in 1951 compared with about 1,276,000,000 in 1950.

B. Quality

Type A meals increased 14 percent in 1951 compared with 1950, while other type meals increased less than 1 percent. In 1951, approximately 67 percent of all meals served were Type A - a complete meal furnishing 1/3 to 1/2 of one day's nutritive requirements. The increase in number of complete meals served was due, in great part, to the fact that almost $50,000,000 worth of nutritious agricultural commodities (eggs, butter, cheese, etc.) were purchased and distributed by the Department.

III. Method of Financing the Program

Estimated Funds, by Sources, Fiscal Years 1950 and 1951 a/

Source	Fiscal Year 1950 Amount	Fiscal Year 1951 Amount	Increase '51 over '50
Federal Appropriation...	$83,500,000 /b	$83,500,000 /b	$ —
Sources within the States:			
Payments by children.	177,336,000	207,000,000	$29,664,000
State and local Govt. appropriations.....	39,000,000	46,000,000	7,000,000
Other local contributions.....	31,553,000	32,000,000	447,000
Total State Contributions.....	247,889,000	285,000,000	37,111,000
Grand Total, Funds Available.....	331,389,000	368,500,000	37,111,000

a/ 1951 data preliminary.

b/ In addition, commodities were purchased and distributed under authority of Section 32, "Removal of Surplus Agricultural Commodities" and Section 416 of the Agricultural Act of 1949 in the following approximate amounts:

1950..... $38,500,000 1951.....$35,000,000

IV. Benefits to Agriculture

A. Commodities utilized during 1951 in the School Lunch Program cost an estimated $263,000,000. Of this amount, $213,500,000 was expended by schools locally, both Federal and State funds. The remaining $49,500,000 is the estimated cost of almost 393,000,000 pounds of commodities which the Department purchased and distributed to schools under authority of Section 6 of the National School Lunch Act, Section 416 of the Agricultural Act of 1949, and Removal of Surplus Agricultural Commodities.

Section 6

B.

Commodities Purchased and Distributed to School Lunch Programs
Fiscal Year 1951

Commodity	Quantity (Pounds)	Estimated Cost
Cheese, American process	6,872,460	$ 3,095,634
Beans, dry	9,993,233	814,057
Fruit, canned	4,809,000	563,049
Orange juice, concentrated	10,548,376	2,805,766
Peanut butter	4,299,966	961,812
Pork shoulder picnics	8,409,198	3,367,788
Tomatoes, canned	20,418,113	2,007,741
Total, Section 6	65,350,346	13,615,847

C. Section 32

Commodities Distributed to School Lunch Programs
Fiscal Year 1951

Commodity	Quantity (Pounds)	Estimated Cost
Apples, fresh	101,120,445	$ 5,409,944
Apples, dried	200	32
Applesauce, canned	8,354	698
Apricots, dried	90	20
Beets, fresh	157,208	3,506
Butter	786,800	511,420
Cabbage	60,050	1,561
Cherries, canned	11,182,693	1,577,878
Cranberry sauce, canned	9,130,994	980,669
Eggs, dried	1,421,860	2,056,436
Honey	5,365,591	1,027,511
Milk, dried	5,463,378	994,881
Orange juice, concentrated	176	47
Pears, fresh	844	52
Potatoes, white	341,100	11,427
Potatoes, sweet	2,669,110	97,156
Prunes, dried	3,535	439
Raisins, dried	325,481	28,675
Turkeys, frozen	5,709,003	2,492,551
Total, Section 32	143,746,912	15,194,903

D. Section 416
Commodities Distributed to School Lunch Programs
Fiscal Year 1951

Commodity	Quantity (Pounds)	Estimated Cost
Butter	14,550,650	$9,166,910
Cheese	9,410,100	3,199,434
Eggs, dried	3,003,935	4,055,313
Milk, nonfat dry solids	8,379,503	1,089,335
Potatoes, white	147,955,458	2,130,560
Total, Section 416	183,299,646	$19,641,552

E. Table II shows, by State, estimated value of commodities distributed to schools in fiscal year 1951.

V. Significant Factors Affecting Program

A. Increased number of lunches

Figures for 1951 show an increase of approximately 9.1 percent in the number of lunches served over last year (1,393,000,000 in 1951 compared with 1,276,000,000 in 1950). This increased participation without a corresponding increase in the school lunch appropriation has resulted in a reduction in the average Federal reimbursement per meal from 5.1 cents during 1950 to 4.9 cents during 1951.

B. Increased Operating Costs

There has been a significant increase throughout the country in school lunchroom operating costs. This factor, together with the increased participation mentioned above, will result in either higher meal prices or less adequate meals, or both.

C. Smaller volume of USDA donated commodities

During the fiscal year 1951, the value of commodities made available to schools by purchases from Section 6 funds, distribution of price support (Section 416) and surplus removal (Section 32) commodities, averaged 4.7 cents for each meal served exclusive of type "C" (milk only). During 1952, the number and quantities of these commodities will probably be much less.

VI. 1952 Activity:

1. Participation and number of meals served:

a. Based on preliminary reports, it is estimated that participation in 1952 will be about 9 percent greater than that of 1951.

b. The number of meals served is expected to increase by about 6 percent.

2. Commodities Purchased and Distributed by the Department

During the first half of the current fiscal year more than 141,000,000 pounds of commodities valued at about $22,000,000 were purchased by the Department and distributed to State agencies for use in school lunch programs. Foods distributed include concentrated orange juice, peanut butter, honey, dry edible beans, cheese, dried eggs, nonfat dry milk solids, fresh apples, canned tomatoes and canned fruits. These commodities are intended for use in helping schools meet minimum nutritional requirements. Quantity purchased and estimated cost are shown below, by legislative authority:

Legislative Authority	Quantity (Pounds)	Estimated Cost
National School Lunch Act, (Section 6)	98,033,783	$15,595,938
Removal of Surplus Agricultural Commodities (Section 32)*	41,708,100	4,642,300
Agricultural Act of 1949, (Section 416)	1,924,820	1,919,047
Total	141,666,703	$22,157,285

* - July - November

UNITED STATES DEPARTMENT OF AGRICULTURE
PRODUCTION AND MARKETING ADMINISTRATION

NATIONAL SCHOOL LUNCH PROGRAM

PERCENTAGE OF SCHOOLS AND CHILDREN PARTICIPATING
Fiscal Year 1951

STATE	Elementary and Secondary Schools			Children in Elementary and Secondary Schools		
	Total Number 1/	Number Participating 2/	Percent Participation	Total Enrollment 1/	Number Participating 2/	Percent Participation
	(1)	(2)	(3)	(4)	(5)	(6)
Alabama	4,359	1,367	31.4	673,007	246,265	36.6
Arizona	534	232	43.4	139,218	48,683	35.0
Arkansas	3,792	909	24.0	424,757	151,384	35.6
California	4,746	2,617	55.1	1,811,860	521,238	28.8
Colorado	2,135	409	19.2	233,160	53,326	22.9
Connecticut	1,148	325	28.3	325,057	52,808	16.2
Delaware	273	85	31.1	51,575	17,364	33.7
District of Columbia	238	163	68.5	113,458	41,911	36.9
Florida	2,477	818	33.0	441,683	168,281	38.1
Georgia	4,368	1,359	31.1	739,305	256,672	34.7
Idaho	992	285	28.7	111,462	41,653	37.4
Illinois	10,569	2,801	26.5	1,437,348	528,816	36.8
Indiana	3,472	1,213	34.9	732,467	192,689	26.3
Iowa	8,445	1,068	12.6	522,041	155,658	29.8
Kansas	4,966	817	16.5	365,180	87,037	23.8
Kentucky	6,316	1,203	19.0	597,142	191,475	32.1
Louisiana	3,148	1,657	52.6	527,237	359,034	68.1
Maine	1,998	516	25.8	189,708	43,007	22.7
Maryland	1,325	646	48.8	380,288	113,782	29.9
Massachusetts	2,889	1,813	62.8	777,819	276,511	35.5
Michigan	6,130	2,098	34.2	1,215,409	336,075	27.7
Minnesota	6,671	1,256	18.8	564,557	205,649	36.4
Mississippi	5,186	1,098	21.2	531,581	169,955	32.0
Missouri	8,166	1,662	20.4	732,673	209,163	28.5
Montana	1,624	217	13.4	109,950	23,150	21.1
Nebraska	5,849	405	6.9	250,941	48,838	19.5
Nevada	238	57	23.9	28,763	5,350	18.6
New Hampshire	715	251	35.1	94,828	20,599	21.7
New Jersey	2,309	1,079	46.7	796,131	173,178	21.8
New Mexico	883	287	32.5	157,770	38,736	24.6
New York	8,561	3,051	35.6	2,362,850	751,436	31.8
North Carolina	4,790	1,374	28.7	864,140	338,635	39.2
North Dakota	3,780	523	13.8	124,759	32,851	26.3
Ohio	5,083	1,558	30.7	1,367,355	307,679	22.5
Oklahoma	3,603	1,590	44.1	454,327	139,515	30.7
Oregon	1,543	540	35.0	259,807	76,018	29.3
Pennsylvania	9,503	2,519	26.5	1,875,192	345,391	18.4
Rhode Island	512	230	44.9	131,263	24,887	19.0
South Carolina	3,927	1,456	37.1	483,832	197,141	40.7
South Dakota	3,788	199	5.3	125,133	17,563	14.0
Tennessee	5,506	1,864	33.9	654,506	242,749	37.1
Texas	8,515	2,392	28.1	1,384,188	360,579	26.0
Utah	521	320	61.4	149,726	57,458	38.4
Vermont	1,050	307	29.2	70,949	21,573	30.4
Virginia	4,171	1,195	28.7	592,690	193,634	32.7
Washington	1,711	862	50.4	443,715	158,079	35.6
Wisconsin	7,581	1,758	23.2	612,383	169,303	27.6
West Virginia	4,590	1,518	33.1	438,831	121,870	27.8
Wyoming	665	216	32.5	58,561	15,365	26.2
Total, Continental U. S.	185,361	52,185	28.2	27,530,572	8,350,013	30.3
Alaska	114	9	7.9	10,889	1,226	11.3
Hawaii	223	156	70.0	107,924	62,045	57.5
Puerto Rico	2,101	2,053	97.7	409,839	220,510	53.8
Virgin Islands	33	33	100.0	6,399	4,400	68.8
Total, Territories	2,471	2,251	91.1	535,051	288,181	53.9
U. S. and Territories	187,832	54,436	29.0	28,065,623	8,638,194	30.8

1/Source: U. S. Office of Education. Data on number of schools 1947-48, number children 1948,49.
2/November 1950. The number of schools or children may have been higher in some States during other months, but November was the peak month in terms of children participating nationally.

PMA-OB
11/26/51

UNITED STATES DEPARTMENT OF AGRICULTURE
Production and Marketing Administration

Estimated Value of Commodities
Distributed to School Lunch Programs
Fiscal Year 1951

State	Section 32	Section 6	Section 416	Total
Alabama	492,580	527,193	617,709	1,637,482
Arizona	76,723	94,258	161,135	332,116
Arkansas	583,536	346,862	482,044	1,412,442
California	600,816	598,100	1,581,565	2,780,481
Colorado	91,802	109,532	272,382	473,716
Connecticut	51,572	83,447	79,338	214,357
Delaware	18,413	15,068	28,676	62,157
District of Columbia	27,481	14,218	27,279	68,978
Florida	244,272	336,495	178,012	758,779
Georgia	554,284	569,834	373,500	1,497,618
Idaho	73,240	75,000	151,678	299,918
Illinois	570,623	479,272	569,290	1,619,185
Indiana	211,125	278,103	211,242	700,470
Iowa	157,454	254,951	242,490	654,895
Kansas	133,642	163,495	332,842	629,979
Kentucky	363,799	382,243	533,980	1,280,022
Louisiana	1,439,060	869,970	542,915	2,851,945
Maine	55,945	50,957	76,771	183,673
Maryland	74,823	117,770	204,171	396,764
Massachusetts	318,854	172,513	707,353	1,198,720
Michigan	676,667	404,476	822,661	1,903,804
Minnesota	217,974	303,261	347,562	868,797
Mississippi	288,290	363,464	403,370	1,055,124
Missouri	316,307	330,267	315,497	962,071
Montana	28,401	51,769	26,063	106,233
Nebraska	93,835	57,499	105,974	257,308
Nevada	14,431	12,529	11,404	38,364
New Hampshire	43,881	39,268	84,225	167,374
New Jersey	162,704	154,271	108,829	425,804
New Mexico	101,799	70,511	337,374	509,684
New York	1,157,389	687,792	680,913	2,526,094
North Carolina	510,035	662,385	701,872	1,874,292
North Dakota	58,367	48,366	37,794	144,527
Ohio	663,190	550,469	1,026,128	2,239,787
Oklahoma	248,587	327,254	527,228	1,103,069
Oregon	105,170	139,246	214,208	458,624
Pennsylvania	384,352	325,269	418,186	1,127,807
Rhode Island	71,596	27,288	26,373	125,257
South Carolina	347,627	386,470	748,983	1,483,080
South Dakota	30,932	33,435	36,516	100,883
Tennessee	449,454	557,068	1,078,283	2,084,805
Texas	746,581	781,659	921,330	2,449,570
Utah	105,024	101,448	307,992	514,464
Vermont	43,012	31,772	21,796	96,580
Virginia	318,332	343,499	481,482	1,143,313
Washington	176,656	201,071	357,431	735,158
West Virginia	142,367	231,361	431,120	804,848
Wisconsin	279,923	204,902	384,660	869,485
Wyoming	23,196	32,477	61,836	117,509
Total Continentinal United States	13,946,123	12,999,827	18,401,462	45,347,412
Alaska	33,314	1,363	14,629	49,306
Hawaii	28,575	125,261	41,059	194,895
Puerto Rico	1,133,631	477,202	1,184,400	2,795,233
Virgin Islands	53,260	12,194	---	65,454
Total Territories	1,248,780	616,020	1,240,088	3,104,888
GRAND TOTAL	15,194,903	13,615,847	19,641,550	48,452,300

MARKETING SERVICES

Purpose Statement

The programs under this appropriation include a number of activities to facilitate the orderly marketing of farm products. These activities are grouped into five functional categories; (1) market news service, (2) inspection, grading and classing, and standardization, (3) improvement of marketing practices, (4) freight rates for farm products, and (5) regulatory activities.

The market news service provides for the collection and dissemination of timely information on movements, supplies, demand, quality, condition, and prices of livestock, meats, wool, fruits, vegetables, honey, peanuts, dairy products, poultry products, grain, hay, feed, seed, rice, hops, beans, cotton and cottonseed, tobacco, naval stores, and inedible molasses.

Inspection, grading and classing, and standardization includes developing and establishing standards by which quality of agricultural commodities can be accurately judged; providing an impartial inspection, classing and grading service for farmers, dealers and others on the basis of these standards; and administration and enforcement of regulatory and criminal provisions of statutes that require the use of official U. S. Standards for cotton, cotton linters, and grain sold in interstate commerce and for tobacco sold at designated auction markets.

Improvement of marketing practices includes studies and the compilation and dissemination of information to improve marketing methods, practices, and processing techniques; and the development of basic principles for improvement of market and storage facilities.

Freight rates for farm products provides for assistance to farmers in obtaining and maintaining equitable transportation rates and services through the Department's participation in their behalf in formal cases before the Interstate Commerce Commission and in informal negotiations with carriers and groups of carriers.

Regulatory Activities involve the administration of the following regulatory Acts; Standard Container; United States Warehouse; Federal Seed; Packers and Stockyards; Tobacco Plant and Seed Exportation; Federal Insecticide, Fungicide and Rodenticide and the regulatory features of the Naval Stores Act. These laws are designed to protect farmers and others from financial loss or personal injury resulting from deceptive, careless and fraudulent marketing practices. The administration of each includes two or more of the following: (1) licensing or registration, (2) supervision of operations of licensees, (3) collection and testing of samples, and (4) handling of violations.

	Estimated, 1952	Budget Estimate, 1953
Appropriated funds	$11,540,000	$11,465,000

(e) Marketing Services

Appropriation Act, 1952	$10,800,000
Anticipated pay adjustment supplemental	740,000
Base for 1953	11,540,000
Budget Estimate, 1953	11,465,000
Decrease (partial absorption of pay adjustment costs)	-75,000

PROJECT STATEMENT

Project	1951	1952 (estimated)	Decrease (pay adjustment absorptions)	1953 (estimated)
1. Market news service	$2,437,741	$2,790,000	-$16,400	$2,773,600
(a) Cold storage reports	(48,042)	(59,300)	(-300)	(59,000)
(b) Cotton and cottonseed	(274,545)	(338,000)	(-1,600)	(336,400)
(c) Dairy and poultry products	(297,864)	(334,100)	(-2,200)	(331,900)
(d) Fruits and vegetables	(685,021)	(761,600)	(-4,500)	(757,100)
(e) Grain, hay, feed, etc.	(89,083)	(102,100)	(-700)	(101,400)
(f) Leased wire service	(232,801)	(250,500)	(-700)	(249,800)
(g) Livestock, meats and wool	(672,530)	(760,600)	(-5,300)	(755,300)
(h) Molasses and sugarcane syrup	- -	(16,800)	(-100)	(16,700)
(i) Naval stores	(10,716)	(16,600)	(-100)	(16,500)
(j) Tobacco	(127,139)	(150,400)	(-900)	(149,500)
2. Inspection, Grading and classing, and standardization	5,858,994	5,974,400	-40,000	5,934,400
(a) Cotton and cottonseed	(2,111,224)	(1,745,000)	(-10,400)	(1,734,600)
(b) Dairy and poultry products	(158,919)	(219,000)	(-1,600)	(217,400)
(c) Fruits and vegetables	(558,704)	(714,300)	(-4,900)	(709,400)
(d) Grain (includes U.S. Grain Standards Act)	(1,286,582)	(1,434,500)	(-10,400)	(1,424,100)
(e) Livestock, meats and wool	(104,227)	(121,800)	(-800)	(121,000)
(f) Naval stores	(29,896)	(31,300)	(-200)	(31,100)
(g) Rice, hay, beans, etc.	(87,083)	(96,400)	(-700)	(95,700)
(h) Liquid sugar, sirups and molasses	(13,036)	(20,500)	(-100)	(20,400)
(i) Tobacco	(1,509,323)	(1,591,600)	(-10,900)	(1,580,700)

(Continued on next page)

Project	1951	1952 (estimated)	Decrease (pay adjustment absorptions)	1953 (estimated)
3. Improvement of marketing practices	$409,764	$416,400	-$2,600	$413,800
(a) Cotton and cottonseed	(203,008)	(212,500)	(-1,500)	(211,000)
(b) Dairy and poultry products	(90,596)	(77,000)	(-500)	(76,500)
(c) Fats and oils	(2,244)	- -	- -	- -
(d) Fruits and vegetables	(36,107)	(48,800)	(-100)	(48,700)
(e) Grain and grain products	(140)	- -	- -	- -
(f) Livestock, meats and wool	(17,150)	(13,500)	(-100)	(13,400)
(g) Market, storage and transportation facilities	(60,519)	(64,600)	(-400)	(64,200)
4. Freight rates for farm products	151,042	185,300	-1,300	184,000
5. Regulatory activities	1,939,552	2,173,900	-14,700	2,159,200
(a) Federal Seed Act	(175,819)	(235,800)	(-1,800)	(234,000)
(b) Insecticide Act	(499,939)	(577,600)	(-4,000)	(573,600)
(c) Naval stores and tobacco export permits	(9,885)	(11,600)	(-100)	(11,500)
(d) Packers and Stockyards Act	(628,279)	(681,600)	(-4,700)	(676,900)
(e) Standard Container Acts	(9,566)	(11,400)	(-100)	(11,300)
(f) United States Warehouse Act	(616,064)	(655,900)	(-4,000)	(651,900)
Unobligated balance	247,407	- -	- -	- -
Total pay adjustment costs	[- -]	[800,000]	[+8,280]	[808,280]
Total available or estimate	11,044,500	11,540,000	-75,000(1)	11,465,000
Transfer in 1952 Estimates to "Salaries and expenses, Office of Information, Agriculture"	+1,000	- -		
Transferred from "Removal of surplus agricultural commodities"	-316,500	- -		

(Continued on next page)

Project	1951	1952 (estimated)
Transferred to:		
"Perishable Agricultural Commodities Act fund"	+$150,000	- -
"Expenses of Defense Production"	+100,000	- -
Reduction pursuant to Section 1214	+10,000	- -
Anticipated pay adjustment supplemental ..	- -	-$740,000
Total appropriation or estimate	10,989,000	10,800,000

DECREASE

(1) A decrease of $75,000 due to partial absorption of pay adjustment costs will be met by program adjustments and general curtailment of activities to the extent necessary. Every effort will be made to continue as many of the services as possible at the present level. However, there are programs, particularly those conducted through a large number of small field offices, where any reduction in funds can only be met by eliminating service.

CHANGE IN LANGUAGE

The estimates include proposed change in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

> * * * [Provided, That hereafter there may be transferred to appropriations available for classing or grading any agricultural commodity without charge to the producers thereof such sums from nonadministrative funds of the Commodity Credit Corporation as may be necessary in addition to other funds available for these purposes, such transfers to be reimbursed from subsequent appropriations therefor]

The change in language is for the purpose of deleting the provision authorizing transfers to this item from the nonadministrative funds of the Commodity Credit Corporation of such amounts as may be necessary to provide for the free classing and grading of commodities guaranteed farmers by law, such transfers to be reimbursed to the Commodity Credit Corporation from subsequent appropriations to the extent necessary to make the Corporation whole for the costs of classing and grading commodities not placed under commodity loan. Since this language is permanent legislation, retention of the provision in 1953 is not necessary.

STATUS OF PROGRAM

Current Activities:

The activities under this appropriation contribute to the efficient and orderly marketing of the production of American agriculture and aid farmers in obtaining the maximum return for this production. These activities are divided into five functional categories as follows:

(1) Market news service assists farmers in obtaining equitable returns for their products and aids in orderly marketing and prevention of waste resulting from local surpluses by providing timely and reliable market news on all major agricultural commodities. This is accomplished through the collection of market information at permanent and seasonal offices maintained in more than 100 cities and towns and the dissemination of this information by mail, press, radio, telephone, telegraph, bulletin boards, and trade and farm publications.

(2) Inspection, grading & classing, & standardization activities assist farmers in obtaining returns for their products commensurate with quality. This is accomplished by (1) establishing U. S. Standards for agricultural commodities that will accurately describe their quality and condition; (2) developing the equipment and methods by which these standards may most effectively be applied; (3) providing an impartial inspection, grading, and classing service for producers, dealers and others on the basis of these standards; (4) broadening the knowledge, acceptance and use of such standards by producers, dealers, manufacturers, consumers and others through demonstrations, training courses, color charts and photographs, plaster models, preparation and loan or sale of copies of standards, etc.; and (5) administration and enforcement of regulatory and criminal provisions of statutes that require the use of official U. S. Standards for cotton, cotton linters and grain sold in interstate commerce and for tobacco sold at designated auction markets.

(3) Improvement of marketing practices includes studies and the compilation and dissemination of information to improve marketing methods and practices and processing techniques, and the development of basic principles for improvement of market and storage facilities.

(4) Freight rates for farm products activities assist in obtaining and maintaining equitable transportation rates and services on farm products through the Department's participation in cases before the Interstate Commerce Commission and informal negotiations with carriers and groups of carriers.

(5) Regulatory activities involve the administration of the Standard Container, United States Warehouse, Federal Seed, Packers and Stockyards, Tobacco Plant and Seed Exportation, Federal Insecticide, Fungicide and Rodenticide Acts, and the regulatory features of the Naval Stores Act. These Acts regulate various marketing activities, and the administration of each includes two or more of the following: (1) licensing or registration, (2) supervision of operations of licensees, (3) collection and testing of samples, and (4) handling of violations.

Revenue

The total cost of these services during 1951 was almost $19 million. Fees and other revenue collected covered over half of this expense. The statutes governing the collection of this revenue require that certain fees, receipts from sales of samples, etc., be deposited to Miscellaneous Receipts of the Treasury while other revenue is credited to the appropriation involved. These statutes also provide for the establishment of trust funds in connection with the inspection and grading of agricultural commodities. Fees are deposited to these trust funds and the inspection and grading expenses are paid from them. The table on the next page shows, by the five functional activities, the cost of these services by source of funds.

TOTAL COST OF MARKETING SERVICES PROGRAMS, BY ACTIVITIES, BY SOURCE OF FUNDS
AND EXTENT OF COST OF PROGRAMS TO TAXPAYER
FISCAL YEAR 1951

Financial Project	COST OF ACTIVITY					Income to General Revenue Funds of Treasury	Net Cost to Taxpayer	% of Total Cost Charged to Taxpayer	% of Total Cost Covered by Revenue
	Total	PAID FROM REVENUE EARNED			Paid from Appropriation				
		Reimb. to Appropriation	Trust Funds	Total					
Market News Service 1/	$2,534,845	$ 97,104	$	$ 97,104	$2,437,741	$	$2,437,741	96.2	3.8
Inspection, Classing & Grading & Standardization	13,932,972	1,103,891	6,970,087	8,073,978	5,858,994	1,889,077	3,969,917	28.5	71.5
Improvement of Marketing Practices	409,764	-	-	-	409,764	-	409,764	100.	-
Freight rates for farm products	151,042	-	-	-	151,042	-	151,042	100.	-
Regulatory Activities	1,940,770	1,218	-	1,218	1,939,552	19,685	1,919,867	98.9	1.1
Total	18,969,383	1,202,213	6,970,087	8,172,300	10,797,093	1,908,762	8,888,331	46.9	53.1

1/ Does not include cost of the service paid directly by the States under cooperative agreements.

Recent Progress and Trends:

I. Market News Service

A. Market News Activity by Commodity Group, Fiscal Year 1951

Commodity Group	Number of Field Offices	Number of Buyers & Sellers Interviewed	Number of Radio Stations Broadcasting Reports/1	Mimeographed Releases to Growers, Shippers, & Others	Number on Mailing List
Cold Storage Report.	None	1,800/2	None	44,000/3	3,700
Cotton and cottonseed,					
Year-round	32				
Seasonal	2				
Total	34	7,007/4	288	1,706,000	48,026
Dairy and poultry products	32	1,400/5	932	13,132,000	50,000
Fruits and Vegetables					
Year-round	23				
Seasonal	28				
Total	51	3,550	592	11,632,000	70,750
Grain, feeds, and related products	7	/6	633	1,487,831	60,000
Livestock, meats and wool	37	3,500	1,223	6,102,276	23,576
Tobacco,					
Year-round	3				
Seasonal	7				
Total	10	975/7	36	822,148	5,300

1/ In addition, 5 television stations carried market news regularly.
2/ Information supplied by operators of cold storage warehouses.
3/ In addition to these releases dealing solely with cold storage holdings, the cold storage information is included in many of the commodity market news releases which give it a circulation of about 316,000 copies.
4/ During marketing season (usually August through January) 2,500 or more gins report prices on cottonseed.
5/ Includes all respondents, such as stores, truckers and railroads.
6/ A total of 550 contracts were made for each market reporting period or a total for the year of about 15,500 contracts.
7/ Reflects only quarterly stocks report. Information for other market news reports obtained from summarizing data on sales tickets attached to lots of tobacco at auction markets.

B. Federal-State Cooperative Agreements, Fiscal Year 1951

Commodity Group and States				
Livestock, Meats and Wool	Fruits and Vegetables	Dairy and Poultry Products	Grain, Feed and Related Products	Tobacco
Ala	Ala.	Ala.	Ala.	-
-	Ariz.	-	-	-
-	Ark.	Ark.	Ark.	-
Calif.	Calif.	Calif.	Calif.	-
-	Col.	-	-	-
-	-	Del.	-	-
Fla.	Fla.	-	-	-
Ga.	Ga.	-	-	-
-	Idaho	-	-	-
Ill.	-	-	-	-
Ind.	-	-	-	-
Iowa	-	Iowa	Iowa	-
Ky.	Ky.	Ky.	Ky.	Ky.
La.	La.	La.	La.	-
-	Maine	-	-	-
Md.	Md.	Md.	Md.	Md.
-	Mich.	Mich.	-	-
Minn.	Minn.	-	-	-
-	Miss.	Miss.	Miss.	-
-	N. J.	-	-	-
-	N. Y.	N.Y.	-	-
-	N.C.	N.C.	N.C.	N.C.
-	Ohio	Ohio	-	-
Okla.	Okla.	-	-	-
Ore.	Ore.	Ore.	Ore.	-
-	Penna.	Penna.	-	-
-	S.C.	-	-	-
Tenn.	Tenn.	Tenn.	Tenn.	Tenn.
Tex.	Tex.	-	-	-
Utah	Utah	Utah	Utah	-
-	Va.	Va.	Va.	Va.
-	Wash.	Wash.	-	-
-	W. Va.	-	-	W. Va.
-	Wisc.	Wisc.	-	-
16	30	20	13	6
-	Hawaii	-	-	-
16	31	20	13	6

1. Market News Service (Continued)

C. Additions, Changes and Specific Improvements in Service During 1951

1. Wholesale meat trade reports on current prices by class, weight and grade selections for the Philadelphia market were begun November 1, 1950.
2. Weekly reports covering number of head, average weight and average prices of stocker and feeder cattle and calves were initiated at Denver, Oklahoma City and Ft. Worth markets.
3. Initiated reports on fruits and vegetables shipped by truck in Arizona, California, Florida and the lower Rio Grande Valley of Texas. This project is a cooperative enterprise -- the States handling the operating detail and the Federal government bearing a portion of the cost.
4. Initiated fruit and vegetable reports on truck receipts at Denver, Detroit and Seattle.
5. Inaugurated a market news service on naval stores with headquarters at Savannah, Ga. Reports quote prices received by primary dealers for processed turpentine and rosin sold in domestic and export channels and prices for crude gum received by producers.
6. Coverage of poultry markets was expanded greatly during the year. Broiler price and condition data were expanded at Brimingham, Ala., the Batesville-Floral Area of Arkansas, and the Delmarva area.
7. Reporting of dressed poultry prices at Cleveland and cut-up poultry prices at Seattle were initiated.
8. In cooperation with the State of Pennsylvania, a dairy and poultry reporting service was initiated at Pittsburgh.
9. The weekly livestock reports from Denver, Ft. Worth, San Francisco, Spokane and Billings have been expanded to include prices and sale conditions of livestock sold for immediate or future delivery in the range areas of the eighteen Western States. These data are provided by arrangements with Production Credit Associations, banks and other livestock lending agencies, and livestock buyers and marketing agencies.
10. Entered into cooperative agreements with (a) Tennessee for seasonal office on strawberries and vegetables at Humboldt, and (b) Arizona to extend the leased wire to Phoenix and Yuma for more rapid and improved service.
11. Extended Federal-State service on grain and feed in the 10 southern and southeastern States providing farmers and feeders in these States with current information on prices and conditions in grain and feed markets.

D. Molasses and Livestock projects previously carried on under RMA as pilot studies on service basis in 1952

1. Three projects initiated as pilot studies under authority of the Research and Marketing Act were placed on a service basis July 1, 1951.

a. Service on inedible molasses consists of a weekly report on prices, supply, demand and a general summary of market conditions at the 18 major port terminals in the United States and prices at six major inland feed-mixing centers. Beet molasses prices are obtained for four major producing areas and six major consuming markets; citrus molasses data from eight Florida shipping points; and hydrol (corn) molasses information from three production points. Approximately 2500 mimeographed reports are issued weekly.

b. Supervision is now maintained over the application of live animal grade standards. Such supervision results in greater uniformity among market reporters in the use of these standards and consequently more accurate price quotations.

c. Data on weekly and monthly estimates of slaughter and meat production under Federal inspection are gathered and disseminated to producers, industry and others. These data are used also by the Department in planning production, marketing and other programs.

II. Inspection, Grading and Classing, and Standardization

A. Volume of Service

Volume of Inspections and Gradings, by Commodity Groups, Fiscal Years 1949 - 51.

Commodity Group	Fiscal Year 1949	Fiscal Year 1950	Fiscal Year 1951
Fresh Fruits and Vegetables:			
(car or carlot equivalents)			
At receiving markets	127,602	76,709	91,969
At shipping points	1,003,730	1,165,795	1,242,709
Total carlots	1,131,332	1,242,504	1,334,678
Processed Fruits & Vegetables:			
Canned products (cases)	91,323,091	104,647,090	150,568,127
Frozen, dried and misc. (lbs.)	1,287,535,756	1,215,538,071	1,108,308,818
Marine products, canned (cases)	553,013	135,660	1,061,247
Dairy Products:			
Butter, cheese, dry skim milk: butter spreads and oils (lbs)	1,070,559,887	1,650,879,659	1,512,314,501
Evaporated milk (cases)	3,751,298	1,406,315	1,024,375
Poultry Products:			
Shell eggs (cases)	13,157,032	14,272,824	14,776,822
Processed eggs (lbs.)	635,619,267	797,169,847	644,549,390
Poultry (lbs.)	602,518,201	901,636,462	1,053,782,884
Grain and Related Products:			
Grain (bu.)	4,544,055,000	4,036,356,000	4,650,822,000
Rice, beans and peas (100# bags)	25,092,394	31,048,238	33,256,000
Hay (tons)	86,948	54,452	59,235
Hops (bales)	259,264	231,026	275,853
Seed verification and re-verification (lbs.)	46,006,989	85,290,000	62,082,000
Misc. commodities (certificates issued)	33,142	12,715	9,465
Meat and Meat Products (lbs.)			
Beef	2,138,501,156	2,163,378,000	3,198,081,000
Veal and calf	115,829,960	102,014,000	163,907,000
Lamb and mutton	118,607,049	114,371,000	152,059,000
Miscellaneous	98,274,439	270,696,000	185,195,000
Total, Meat & Meat Products	2,471,212,604	2,650,459,000	3,699,242,000

INSP-3

II. INSPECTION, GRADING AND CLASSING AND STANDARDIZATION (Continued)

A. Volume of Service (Continued)

Volume of Inspections and Gradings, by Commodity Groups, Fiscal Years 1949-51 (Continued)

Commodity Group	Fiscal Year 1949	Fiscal Year 1950	Fiscal Year 1951
Wool (samples tested)	105	79	24
Cottonseed (samples analyzed)	155,521	159,135	88,623
Cotton (Total Classifications)	15,972,898	15,778,313	8,555,675
Tobacco (Pounds inspected at auction markets)	1,973,000,000	1,956,000,000	2,020,000,000
Naval Stores:			
Rosin (Total 520 lb. drum equivalent)	911,654	810,475	570,643
Turpentine (Total gallon equivalent)	6,271,413	8,335,021	8,981,055
Cotton Linters (Total Classifications)	-	214,500	172,372

B. Financing

1. Funds Available

The work under this project relating to cotton and cottonseed, grain and tobacco and the standardization activities for all commodity groups are financed largely from the appropriation. For other commodities, fees collected for the service are used to pay a large part of the expenses of the inspection work.

The provision in the 1952 Agricultural Appropriation Act authorizes advances from the Commodity Credit Corporation as needed in addition to other funds available, to assure ability to perform the classing of cotton and the grading of tobacco without charge to producers. The Corporation is to be reimbursed through subsequent appropriations for Marketing Services to the extent necessary to make the Corporation whole for costs of classing and grading commodities not placed under commodity loan.

2. Revenue and Net Cost of Service

Certain items of revenue other than the earnings used to defray expenses are deposited to "Miscellaneous Receipts" of the Treasury. The net cost of this project in 1951 to the taxpayer was about $4,000,000 or 28.5 percent of the total cost of the program.

II. INSPECTION, GRADING AND CLASSING, AND STANDARDIZATION

B. Financing (Continued)

Total Cost of Inspection, Grading, and Classing and Standardization Activity and Extent of Cost of Program to Taxpayer by Work Project
Fiscal Year 1951

Work Project	Total Cost of Activity							% of Total Cost Charged to Taxpayer	% of Total Cost Covered by Revenue
	Total	Paid from Revenue Earned			Paid from Appropriation	Income to General Revenue Fund of Treasury	Net Cost to Taxpayer		
		Reimbursement to Appropriation	Trust Funds	Total					
Cotton and cottonseed	$2,201,731	$90,507	$ -	$90,507	$2,111,224	$1,418,133	$693,091	31.5	68.5
Dairy and poultry products	2,949,000	193,000	2,757,081	2,790,081	158,919	14,479	144,440	4.9	95.1
Fruits and vegetables	3,173,407	781,726	1,832,977	2,614,703	558,704	221,693	337,011	10.6	89.4
Grain (Includes U.S. Grain Standards Act)	1,287,707	1,125	-	1,125	1,286,582	204,028	1,082,554	84.1	15.9
Livestock, meat and wool	1,968,607	-	1,864,380	1,864,380	104,227	1,022	103,205	5.2	94.8
Naval Stores	47,946	-	18,050	18,050	29,896	5,294	24,602	51.3	48.7
Rice, hay, beans, etc.	585,934	1,252	497,599	498,851	87,083	16,857	70,226	12.0	88.0
Tobacco	1,705,604	196,281	-	196,281	1,509,323	7,571	1,501,752	88.0	12.0
Liquid Sugar, sirups and molasses	13,036	-	-	-	13,036	-	13,036	100.0	-
Total	13,932,972	1,103,891	6,970,087	8,073,978	5,858,994	1,889,077	3,969,917	28.5	71.5

II. INSPECTION, GRADING AND CLASSING, AND STANDARDIZATION (Cont'd)

C. Inspection Rates:

Inspection rates are changed from time to time as necessary in order to provide revenue more nearly commensurate with cost.

1. Changes in contracts covering charges for dressed poultry inspection were made effective July 23, 1950.

2. Meat grading fees were increased from $3.00 to $3.60 per hour effective April 23, 1951.

3. At the close of the year revisions in rates for inspection and grading of processed fruits and vegetables and fresh fruits and vegetables at terminal markets were being processed and were made effective in July 1951.

4. Revisions in Naval Stores rates are being processed and will go into effect later in the current fiscal year.

D. Recent Developments in Inspection, Grading and Classing Activities in Specific Commodity Fields:

1. Cotton and Cottonseed

a. The 1950-51 cotton production in the United States totaled 9.9 million running bales, about 38% smaller than that of the preceding year. This reduction is reflected in a substantially smaller volume of cotton classed. Preliminary indications are, however, that in 1951-52 about 15.8 million bales will be produced of which two-thirds or 11 million bales will be classed compared with about 5 million bales in 1950-51 or half of that year's crop.

D. Recent Developments

1. Cotton and Cottonseed (Continued)

Cotton Classifications by Federal Employees and Licensed Classers (Federally Supervised) for Fiscal Years 1947-1951

	Number of Classifications Made				
	Fiscal Year 1947	Fiscal Year 1948	Fiscal Year 1949	Fiscal Year 1950	Fiscal Year 1951
COTTON:					
Classifications by Federal Employees					
Grade and Staple Statistics Act	382,570	381,931	494,756	215,155	298,755
Smith-Doxey (Amendment) Acts	2,580,273	4,309,581	8,066,734	10,355,955	5,215,406
Cotton Standards Act:					
Public Classing Service	888,995	1,005,096	1,240,357	1,405,737	666,775
Economic Cooperation Adm. (Reimb.)	-	-	325,401	620,011	405,222
Federal Penitentiary (Reimb.)	16,691	12,633	18,528	25,586	23,636
Other	-	-	-	45,787	32,738
Cotton Futures Act	225,925	429,731	244,652	464,398	191,182
Subtotal	4,094,454	6,138,972	10,390,428	13,132,629	6,833,714
Classifications by Licensed Classers (Supervised by Federal Classers)					
Cotton Standards Act (includes bale classifications and samples classed in sorting cotton into lots by grade and staple)	6,474,555	4,230,849	5,582,470	2,645,684	1,721,961
Total, Cotton Classifications	10,569,009	10,369,821	15,972,898	15,778,313	8,555,675
Cotton linters:					
By Federal employees				1,500	2,166
By licensed classers				213,000	170,206
Total linters classifications				214,500	172,372

D. Recent Developments

Growth of Classification Service for Grower Members of Cotton Improvement Groups (Smith-Doxey Amendment)

Fiscal Year	Crop	Members	Samples Classed	Percentage of Crop Classified
1939	1938	18,589	83,592	0.8
1940	1939	64,399	265,090	2.3
1941	1940	128,216	1,530,764	12.4
1942	1941	278,782	2,520,083	24.0
1943	1942	281,100	3,567,095	28.7
1944	1943	281,493	3,350,622	30.1
1945	1944	318,700	4,069,117	34.1
1946	1945	342,900	2,905,437	32.8
1947	1946	343,704	2,580,273	30.2
1948	1947	346,500	4,309,581	37.3
1949	1948	371,061	8,066,734	54.3
1950	1949	497,064	10,355,955	65.1
1951	1950	507,873	5,215,406	52.7

b. Cotton Fiber Testing Service:

The number of fiber and spinning tests performed for cotton breeders and others totaled 40,663 in 1951, compared with 38,637 during the previous year. Fees collected for deposit to the Treasury totaled $31,899 for 1951. This service has aided cotton breeders, in particular, in facilitating the development of improved varieties and strains of cotton.

c. Cottonseed Inspection:

Cottonseed inspection certificates were issued by 25 licensed cottonseed chemists on approximately 55% of the crop last year.

II. INSPECTION, GRADING AND CLASSING, AND STANDARDIZATION (Continued)

D. Recent Developments (Continued)

2. Dairy and Poultry Products:

a. Volume of cheese graded in 1951 increased over 30% in comparison with 1950. This increase was due to the fact that a larger quantity of CCC-owned cheese was sold in 1951 than in 1950.

b. Continuous inspection or grading service was carried on in 1951 at 98 dairy products processing plants. This program, initiated upon request in 1947 for cheese, now covers butter, dry skim and evaporated milk, in some plants.

c. The increase reflected in poultry is due principally to two facts: (1) the natural growth of the service as production increased, and (2) large volume of poultry purchased by the Army.

3. Fruits and Vegetables:

a. Over 1.3 million carlots of fresh products were inspected which was a new record high. There was a general increase in all types of inspection work except commercial work in receiving markets and continuous inspection under consumer grades which, together, accounted for less than 50,000 carlots.

b. There was a substantial increase in inspection of all processed fruits and vegetables except dried fruit which was due largely to the reduced 1950 production of that product.

c. A new agreement was entered into to extend inspection service of fresh fruits and vegetables to Puerto Rico.

d. Continuous factory inspection was approved for 104 companies with 134 plants in 1951. The volume packed under continuous inspection reflected an increase of 5.6 million cases of canned and 156 million pounds of frozen fruits and vegetables.

II. INSPECTION, GRADING AND CLASSING, AND STANDARDIZATION (Continued)

D. Recent Developments (Continued)

4. United States Grain Standards Act:

a. Coverage

During 1951, original inspection of grain was available under the United States Grain Standards Act at 150 established inspection points and 96 additional designated points. There were 494 inspectors licensed under the Act. Appeal services were available at 35 district offices and 7 suboffices.

b. Inspections and Appeals

(1) Inspectors licensed and supervised under the Act performed nearly 2.5 million inspections of grain - the largest number in history.

(2) The volume of appeals decided by the District offices increased slightly from approximately 74,000 appeals in 1950 to 79,000 during 1951. Additional requests for appeals had to be cancelled or denied because of inability to handle them.

(3) Several problems were encountered in connection with interpretations of official standards in inspection of grain. These included:

(a) Serious frost damage to large quantities of wheat and some barley from Montana through the Dakotas.

(b) Considerable quantities of grain sorghums harvested in the Southwestern States were immature because of early frost. Many of these lots carried an ordor not common to newly-harvested grain and which was confused with a sour odor indicating unsound or out-of-condition grain. Very close supervision was necessary to assure proper recognition of this odor by all inspectors.

(c) Over most of the hard red spring and hard red winter wheat areas, conditions with respect to germ damaged wheat were the worst in history. This condition always delays inspection and makes inter-market uniformity of grade difficult to maintain.

II. INSPECTION, GRADING AND CLASSING, AND STANDARDIZATION (Continued)

D. Recent Developments (Continued)

4. United States Grain Standards Act (Continued)

Volume of Inspection and Appeal Activities under the United States Grain Standards Act, Fiscal Years 1946-1951

Activity	1946	1947	1948	1949	1950	1951
Total number of inspections	2,063,823	2,117,641	2,100,479	2,318,304	2,120,050	2,440,607
Inspections supervised by Federal supervisors (does not include appeals)	109,605	140,307	126,040	129,292	127,995	110,142
Percent of inspection supervised	5.3	6.6	6.0	5.6	6.0	4.5
Appeals to District Offices decided	53,128	46,640	56,687	80,954	73,743	79,053
Original grade sustained (%)	55	57	59	58	66	63
Original grade changed (%)	45	43	41	42	34	37
Appeals carried to appeal boards	425	462	631	901	1,098	910
Supervisors grade sustained (%)	78	79	83	80	81	83
Supervisors grade changed (%)	22	21	17	20	19	17
Quantity of grain produced- crop year - (1,000bu.)	6,512,838	5,577,848	7,240,105	6,522,577*	6,239,670*	6,510,613*
Quantity of grain inspected (1,000 bu.)	4,133,866	4,097,624	4,050,195	4,544,055	4,036,356	4,650,822
Total number of certificates issued	2,117,376	2,164,743	2,157,796	2,400,159	2,194,851	2,520,570

* - Preliminary

II. INSPECTION, GRADING AND CLASSING, AND STANDARDIZATION (Continued)

D. Recent developments (Continued)

5. Livestock, Meats and Wool:

a. Meat Grading:

Compulsory grading of all meats, except pork, was required effective May 7, 1951, in accordance with OPS regulations. About 300 additional graders were recruited and given intensified training in order to handle requests of slaughterers for official grading. Costs of this grading service are paid from fees collected from packers.

6. Naval Stores:

a. Inspection and certification of rosin totaled 571,000 drums in the fiscal year 1951 as compared with 810,000 the previous year. This reduced volume is explained principally by the smaller gum crop and the increased quantity of rosin piped hot (and without opportunity for inspection) to adjacent consumer plants for conversion to synthetic resins, paper size, and ester gum. The trend toward increased inspection of rosin in bags and tank cars (as opposed to drums) continued in fiscal year 1951.

b. Volume of Naval Stores Inspected, Fiscal Years 1946 to 1951

Item	1946	1947	1948	1949	1950	1951
Drums of rosin (520 lbs.)	114,214	167,825	438,320	874,925	762,958	491,916
Bags of rosin (100 lbs.)	-	25,894	170,538	171,648	209,583	266,435
Tank cars of rosin	-	33	87	15	35	159
Drums of turpentine (55 gals.)	2,247	747	2,952	2,121	10,201	18,630
Tank cars of turpentine	-	65	174	185	197	141
Tank steamers of turpentine (gals.)	-	-	-	-	-	2,140,176
Gals. of turpentine in miscl. small containers	-	52,935	2,696,633	4,674,758	6,197,966	4,970,229

II. INSPECTION, GRADING AND CLASSING, AND STANDARDIZATION (Continued)

D. Recent Developments (Continued)

7. Rice, hay, beans, peas, seed, hops and Miscellaneous Agricultural Commodities:

a. The total number of inspections performed was 69,493 compared with 75,046 in 1950. The inspection of miscellaneous commodities was unusually small because of reduced volume of purchase by government agencies.

b. The instructions and procedure for origin verification of seed were amended effective July 1, 1951 to provide for origin verification of Canadian alfalfa.

8. Sirups, Liquid Sugar and Molasses:

a. Tentative grade standards for liquid sugar, refiners' sirup, sugarcane sirup and edible sugarcane molasses, developed with Research and Marketing Act funds during 1949 and 1950 were issued for the first time in September 1950. During 1951 these standards were demonstrated to producers and distributors and tested under trade conditions to determine their work-ability in actual commercial practice. Many changes are being made in the standards prior to the formal issuance.

b. Work was initiated to determine the most efficient type of inspection and grading service for these products. It is anticipated that grading and inspection service for sugarcane sirup will be made available for the 1951 crop. Grading services with respect to the other products are being planned and will be available after grade standards are officially issued.

9. Tobacco:

All of the 170 tobacco auction markets were Federally inspected in 1951. This was only one more than during the previous year, but the total volume of tobacco inspected increased nearly 65 million pounds. The increase in flue-cured more than offset decreases in all other kinds.

II. INSPECTION, GRADING AND CLASSING, AND STANDARDIZATION (Continued)

D. Recent Developments (Continued

9. Tobacco (continued)

a. Number of Markets and Volume of Tobacco Inspected

Item	FISCAL YEARS							
	1937*	1945	1946	1947	1948	1949	1950	1951
Number of markets	136	145	148	152	153	156	169	170
Number of designated markets	20	141	142	147	151	152	158	168
Number of markets inspected	20	110	117	147	153	155	169	170
Number of sets of buyers 1/	26	147	160	206	217	218	228	230
Tobacco inspected at auction markets (1,000,000 lbs.)	169	1,478	1,685	2,273	2,045	1,973	1,956	2,020
Percent of total pounds sold at auction	15.1	77.1	83.5	99.2	98.8	99.9/	100	100

* First year of operation under Act of 1935.

1/ A set of tobacco graders (averaging three) is required for each set of buyers.

b. Volume of Inspection of Tobacco by Class for Fiscal Year 1951

Class of Tobacco	Number of Auction Markets Inspected	Sets of Buyers	Pounds Sold	Pounds Inspected	Percent Inspected
Auction Markets:					
Flue-cured	88	140	1,378,202,416	1,378,202,416	100
Fire-cured	10	13	54,217,202	54,217,202	100
Dark air-cured	10	6	28,506,029	28,506,029	100
Burley	58	66	526,147,454	526,147,454	100
Maryland	4	5	32,543,962	32,543,962	100
Total	170	230	2,019,617,063	2,019,617,063	100
Cooperative Marketing Associations				162,327,306	100
Grand Total				2,181,944,369	

a/ Includes inspections made on a reimbursable basis at 2 markets since they were not designated in Fiscal Year 1951.

c. Because of limited facilities, the assistance to farmers and others in connection with the proper sorting and preparation of tobacco for market was drastically curtailed.

II. (Continued)

E. Volume of Standardization and Demonstration Activities by Commodity Group

Types of Activity	Commodity Group: Cotton and Cottonseed	Dairy & Poultry Products	Fruits and Vegetables	Grain, Hay, Feed, seed, etc.	Livestock: Meats and Wool	Sugarcane: Sirups Molasses	Tobacco and Naval Stores
Standardization Activities:							
Number of grade standards in effect 6-30-51	131	4	235	20	8	-	2,569
Number of commodities covered	3	6	173	20	15	-	2
New standards issued in fiscal year 1951	-	2	2	-	-	-	43
Standards revised in fiscal year 1951	-	1	3	1	6	-	145
New standards in process 6-30-51	-	2	8	1	-	-	786
Standards being revised as of 6-30-51	53	1	5	-	2	-	-
Requests pending for new standards	-	7	13	-	4	-	291
Requests pending for revision of standards	1	-	4	-	-	-	518
Demonstration Activities:							
Farm Demonstrations:							
Number	5	-	-	-	-	40	28
Attendance	500	-	-	-	-	100	4,354
Farmer Meetings:							
Number	521	-	-	65	3	6	152
Attendance	21,764	-	-	5,100	500	150	4,371
Farm visits	1,537	-	-	-	-	60	33
School Demonstrations:							
Number	146	10	16	47	4	-	827
Attendance	6,221	220	528	2,102	175	-	30,257
Short Courses at Agricultural Colleges:							
Number	6	2	-	-	-	-	6
Attendance	224	175	-	-	-	-	-
Other Demonstrations:							
Number	-	-	4	-	52	-	-
Attendance	-	-	252	-	2,700	-	-
Distributed:							
Copies of Standards	14	1,767	130,040	14,000	6,717	2,000	1,000
Farmers bulletins, etc.	19,594	-	2,500	4,200	-	-	67,400
Grading Schools:							
Number	-	30	-	-	-	-	-
Attendance	-	1,200	-	-	-	-	-
Assisted in Inspectors Training Schools:							
Number	-	-	7	-	-	-	-
Attendance	-	-	380	-	-	-	-
Packing houses and processing plants visited	-	-	139	-	-	75	-
Industry organization meetings attended:							
Number	44	-	51	-	-	6	-
Attendance	7,335	-	1,044	-	-	200	-
Inspectors conferences attended:							
Number	-	-	7	-	-	-	-
Attendance	-	-	205	-	-	-	-
Meetings to demonstrate and discuss grades and inspections:							
Shippers and processors	4	-	379	-	-	-	-
Growers	-	-	340	-	-	-	-
Inspectors training classes	-	-	263	-	-	-	-
Visual Aids:							
Plaster models prepared	a/	-	2,408	-	-	-	-
Plaster models distributed	-	-	1,666	-	-	-	-
Color photographs prepared	-	-	94	-	-	-	-
Color photographs distributed	-	-	68	-	2,146	-	-
Black and white photographs prepared	-	-	543	-	-	-	-
Black and white photographs distributed	-	-	636	-	-	-	-
Plastic color guides prepared	-	-	90	-	-	-	-
Plastic color guides distributed	-	-	92	-	-	-	-
Type samples of grain, hay, beans, peas and rice distributed	-	-	-	4,000	-	-	-
Clay models prepared	-	-	-	-	5	6	-
Pictorial livestock grading sheets	-	-	-	-	125	-	-
Charts of retail and wholesale cuts of meat	-	-	-	-	200	-	-
35 mm film strip	-	-	-	-	110	-	-

a/ Official cotton grade standards and staple types are demonstrated at practically all farmers meetings.

III. IMPROVEMENT OF MARKETING PRACTICES

A. Fruit and Vegetable Bulletins

Since the inauguration of the standardization, inspection and grading programs there has been a great demand from growers, shippers, sorters, dealers and others for information dealing with the best practices to be used in the harvesting, grading, packing and distribution of fresh fruits and vegetables for market. Bulletins have proved to be the best method of disseminating this information to the general public. Two bulletins "Preparing Strawberries for Market" and "Preparing Peaches for Market" were completely rewritten and printed for distribution. These bulletins, both of which are in great demand, had been out of print for a number of years.

B. Possible Arrangements of Railroad Tracks at Stores in Wholesale Produce Markets

This study, initiated in 1949 to determine the comparative cost and efficiency of various track arrangements, was completed in 1951. The report consisting of 39 pages, which provides a comparison of 11 different track arrangements, has been published, and distributed to produce market managers, railroad companies, and trade association officials.

C. Criteria for Planning a Wholesale Frozen Food Distribution Plant

General wholesale operations were studied in 32 plants. From these, 12 representative plants were studied in detail as to arrangement and layout of facilities and handling methods used. A preliminary report entitled "Planning a Wholesale Frozen Food Distribution Plant" has been prepared covering (1) essential features of a wholesale frozen food distribution plant, (2) use of public warehouses versus the construction of private facilities for the long-term storage of frozen foods by wholesalers, (3) planning private facilities for long-term storage, (4) comparative labor costs for assembling orders under currently used methods, (5) suggested layout and methods of operating order-assembly rooms, (6) selection and use of materials-handling equipment, (7) principles of layout and design for plant as a whole, and (8) selecting a desirable site for the wholesaler's plant. The final report will be available in 1952. A number of frozen food distributors who are planning the construction of new facilities or the remodeling of old have held their plans in abeyance pending completion of the study.

III. IMPROVEMENT OF MARKETING PRACTICES (Continued)

D. Factors that Affect the Success of Wholesale Markets for Farm Products

The first phase of a study undertaken to determine the factors that affect the success of wholesale markets for various types of farm and food products deals with shipping point markets for fruits and vegetables. An analysis of the data and records obtained from approximately 100 markets located at various points in the United States has been completed. The report, which will be published in 1952, includes a description of the functions performed by these shipping point markets and the types of marketing agencies which use the facilities. To be successful, a shipping point market needs to handle daily a minimum of 5 equivalent carloads, or about 2,500 packages. Of the markets considered to be highly successful, only one reported an average of fewer than 50 growers selling daily. If a relatively large and dependable daily volume of sales is maintained, the number of growers selling daily is not particularly significant.

E. Factors that Govern the Success of Country Elevators

A report will be published in 1952 on the findings of a study the objectives of which are to determine what location, construction, design, size, equipment, and method of operation are desirable for a country elevator, how much the facilities will cost, and how they can be financed. This study was begun during the latter part of 1949 in response to requests received from agricultural institutions;independent, line and cooperative elevator organizations; and railroad, industrial and farmer groups. The report, now in preliminary form, indicates that country elevator grain storage space, as found in Indiana, was primarily used for current grain handling operations and was not of appreciable significance in the general grain storage situation. Supplemental sideline enterprises carried on by country elevators were major factors in determining financial success, with the grain marketing function being of minor importance.

F. Types of Ownership and Methods of Financing Wholesale Produce Markets

To meet the needs of State and local groups interested in selecting the proper type of ownership and investigating various methods of financing improved market facilities, work was started in July 1950 on the preparation of a manual covering these subjects. In this manual the public character of markets is discussed and the essentials of desirable ownership which will protect the interest of the public and the users of such facilities are outlined. The report appraises five different types of ownership, points out possible sources of funds, and discusses the different types of collateral usually required of different types of borrowers. The manual will be published in 1952.

G. Regional Marketing Research

Assistance was given to State Agricultural Experiment Stations in connection with regional marketing research projects dealing with fruits and vegetables, dairy products, poultry products, livestock and meat, and cotton. This included grading services, where required, and consultation and coordination in those phases of the projects where experience and knowledge of marketing grained in the regular work under this appropriation was needed by the experiment stations.

H. Banana Repacking Facility

A study of a design of a banana ripening, grading, and repacking facility as a part of a wholesale produce unit to be incorporated into the design of market facilities in specific locations was undertaken in 1951. A report will be issued in 1952 showing the arrangement of machinery and equipment in relation to storage and ripening rooms, and can be used as a guide in setting up banana ripening and repacking facilities within old or new structures in central produce markets.

I. Operational Efficiency of Facilities and Handling Methods in the Assembly of Poultry and Eggs

The specific objectives of the work currently under way are to determine the different types of marketing facilities at assembly points; to inventory, categorize, and evaluate the different types of materials-handling equipment; to determine the space requirements for different volumes of products handled; to develop the principles involved and develop improved layouts and designs for different types and sizes of poultry and egg assembly facilities; and to determine on an over-all plant basis the comparative efficiency of different materials-handling systems and methods which will provide a basis for selecting plants for case studies of materials-handling equipment and methods.

J. Other Research Studies

1. A reciprocating cleaning and moting device which has been developed at the U. S. Ginning Laboratory for incorporating in conventional gin stands was subjected to extensive laboratory testing during the 1950-51 ginning season. The results of these tests indicate that on a weight basis, the "Reciprocleaner" removed approximately 50% more motes and foreign material than were removed by gin stands operating without the device. Fiber and spinning tests failed to disclose any fiber damage.

2. An automatic mechanical sampling device has been developed which extracts a representative cross section of a bale of cotton during the ginning process. The use of this equipment will obviate the need for cutting samples from bales, thus eliminating waste of cotton and damage to bale packages. Two reports have been published as a result of this study: "The Sampling of Cotton Bales as Related to Marketing", in November, 1950 and "Automatic Mechanical Equipment for Sampling Bales during Ginning", in March 1951. It is planned to install this device in a commercial gin in the Mississippi Delta for operation during the 1951-52 ginning season. The samples obtained will be used as a basis for marketing the cotton. Further study will be directed toward simplifying the equipment and reducing the cost of its manufacture.

III. IMPROVEMENT OF MARKETING PRACTICES (Continued)

3. A study of costs and quality of ginning services performed by commercial gins in South Louisiana was completed in 1951. The results were published by Louisiana State University in March 1951 as bulletin No. 450 "Quality of Ginning Services in Relation to Cost of Ginning in South Louisiana, 1948 and 1949". Similar studies are in progress in the Yazoo-Mississippi Delta area, in the Rio Grande and Pecos areas of New Mexico and West Texas, and in the Piedmont area of Georgia and will continue in 1952.

IV. FREIGHT RATES FOR FARM PRODUCTS

A. Actions taken during fiscal year 1951

1. The Department participated in 56 formal litigation actions before the Interstate Commerce Commission, initiated two court appeals, and carried on 43 informal negotiations with carriers and carrier associations.

2. The various agricultural commodities affected by the above actions are as follows:

Type of Action	Number of Actions
Cotton and Cottonseed	5
Dairy and Poultry Products	13
Fruits and vegetables	16
Grain and Grain Products	18
Livestock and meats	13
Wool and Mohair	5
General motor carrier rates	11
General rail rates	8
General water rates	4
Green coffee	1
Fertilizers and fertilizer material	7
Total	101

B. Benefits to Producers

1. The Railway Express Agency petitioned the Interstate Commerce Commission for an increase of rates on the transportation of small lots of agricultural commodities. The proposal included an increase of 57 cents to the present first-class rate, the second-class rate was to be 75 percent of the first-class rate on articles of food and drink, and all articles of food and drink were to move on the basis of the proposed second-class rate. Most of these items now move on specific tariffs, and rates

IV. FREIGHT RATES FOR FARM PRODUCTS (Continued)

are much lower than the second-class rates proposed by the Railway Express Agency. The Department, together with representatives of producers and shippers, contested the proposed rate increases before the ICC in widely separated areas of the country and more recently at final hearings which began June 18, 1951 in New York City. On the basis of the facts presented no interim increase was granted in this case.

2. Railroads serving the ports of New York, Boston, and Portland, Maine, proposed to equalize rates for grain for export from Buffalo and Oswego, New York, to compare with rates to and from Philadelphia and Baltimore. The proposal would reduce the rates to New York, Boston and Portland by 1/2 cent per 100 pounds. The ICC disapproved the proposed changes after investigation by that agency found the proposed rates were not just and reasonable. The case was taken to the Federal Court which now has it under consideration. The Department has taken an active part in the case because of its interest in the application of export rates on agricultural commodities, in port equalization and in the use of ports by Commodity Credit Corporation.

3. Over a period of years, raw-shelled peanuts from certain producing areas in the Southeast have been moving to the port of Savannah for export without established export rates. Because of the nonexistence of tariffs for certain ports of origin, peanuts have been moving to this port for export on domestic rates which are considerably higher than points of origin that are covered by export tariffs to and through the port of Savannah. The ICC denied the appeal for equalization of rates and consideration is now being given by the Department to appeal to the courts for a more equitable decision.

4. The Department, acting on behalf of producers and shippers, petitioned the ICC to increase the number of exempt agricultural products for shipment by nonregulated motor carriers. On the basis of the petition, the Commission reversed some of its former rulings by declaring certain products exempt and added to the exempt list many other commodities which it had not previously considered. The outcome was generally advantageous to the producers because they may now use nonregulated motor carriers to a much greater extent and, by so doing, many distribution problems will be minimized and the exempted products can move from the producer to the consuming areas at lower rates.

IV. FREIGHT RATES FOR FARM PRODUCTS (Continued)

5. The ICC has held illegal the practice by exempt motor carriers of leasing equipment and drivers on a single-trip basis to regulated motor carriers. The Department, acting on behalf of producers and exempt motor carriers of agricultural commodities, is appealing this decision to the courts in order to preserve efficient and economical transportation of agricultural commodities. The Department believes that this ruling is discriminatory to the farmer, shipper and producer of agricultural commodities because it will reduce the number of motor vehicles available in producing areas and cause waste of food products.

6. During the year, a series of studies entitled "Factors Affecting Freight Rates on Agricultural Commodities" was begun. The first completed work "The Railroad Passenger Deficit" was processed and released as a Department publication in May 1951. The second study in the series "Railroad Economics Through Dieselization" is under way and should be ready for release shortly. Both of these studies were used as exhibits by the Department in its presentation in combating the general Freight Rate Increase requested by the railroads, Ex Parte No. 175.

V. REGULATORY ACTIVITIES

A. Federal Seed Act

1. Import Actions

a. The total number of pounds of agricultural and vegetable seed offered from foreign countries and tested in 1951 was 1-1/2 million more than in 1950. Approximately 1-1/3 million pounds of crimson clover seed were refused, as offered, because of low germination. Of this amount 800,000 pounds remained refused after an attempt to reclean. There was an increase in the number of kinds of grass seeds imported, particularly those adapted to the Southern States.

V. REGULATORY ACTIVITIES (Continued)

b. Import Activities, Fiscal Years 1945-1951

Activity	1945	1946	1947	1948	1949	1950	1951
Total import actions 1/	3,632	3,736	5,791	5,774	8,295	7,761	8,005
Lots offered for importation	3,258	3,448	5,399	5,481	7,224	7,218	7,692
Lots permitted entry as offered	2,842	3,063	4,858	5,099	6,370	6,775	7,155
Lots denied entry as offered	416	385	541	382	854	443	537
Kinds of seed imported	69	83	101	114	114	105	112
Pounds of seed offered for importation (Millions)	75.2	70.5	69.1	66.7	107.9	102.2	103.9

1/ Includes action taken on lots rejected once and acted on again after cleaning, etc.

2. Interstate Violations

a. Apparent violations of the Act in interstate commerce continue to be reported for investigation in numbers greater than the staff is able to investigate promptly. During the year the shortage of northern hardy alfalfa seed and the ample supply of southern seed created an unusually wide difference in price and an unusual temptation to misrepresent the origin of southern alfalfa seed. As a result of investigations, nearly 1-1/2 million pounds of alfalfa seed were known to have been misrepresented as to origin of which over 800,000 pounds were seized and relabeled or stained before being released for export or domestic sale. The number of actions pending in Federal court has increased.

V. REGULATORY ACTIVITIES (Continued)

b. Interstate Investigations and Actions, Fiscal Years 1946-1951

Item	1946	1947	1948	1949	1950	1951
Cases for investigation:						
Total to be investigated	785	1,199	1,482	1,367	1,128	1,290
Investigations completed	623	768	864	1,034	693	734
Pending at end of year	162	431	618	333	435	556
Administrative actions:						
No action warranted	96	160	236	322	174	195
Warnings issued	381	539	566	660	475	418
Cited for hearings	79	94	76	103	46	114
Seizures recommended	9	4	13	11	12	58
Criminal actions recommended1/	44	61	34	39	42	39
	(11)	(24)	(14)	(13)	(18)	(17)
Court actions:						
Criminal actions terminated	9	16	19	14	13	12
Criminal actions pending at end of year	12	16	11	10	15	20
Seizure actions terminated	3	6	6	16	12	27
Seizure actions pending at end of year	5	3	9	4	4	35

1/ Often several alleged violations are combined into one court action. The number of court actions involved is shown in parentheses.

3. Seed Testing

a. There were 600 more samples tested during the past fiscal year than in 1950. Continued attention was given to the labeling of seed as to variety which has resulted in a substantial improvement in the variety representations contained in seed catalogues. Differences in methods followed in different countries in testing seed in foreign commerce has resulted in continued effort throughout the year to standardize the methods of testing through the facilities of the International Seed Testing Association.

b. Volume of Seed Testing Work, Fiscal Years 1946-1951

Activity	1946	1947	1948	1949	1950	1951
Seed samples tested in connection with:						
Imports (including check tests)	3,688	5,590	5,643	7,506	7,696	7,790
Interstate shipments	5,057	8,603	4,353	2,530	1,934	3,354
Variety tests	2,127	2,121	1,868	1,027	1,111	297
Miscellaneous	1,130	1,021	1,109	1,217	694	594
Total tests	12,002	17,335	12,973	12,280	11,435	12,035

V. REGULATORY ACTIVITIES (Continued)

B. Insecticide, Fungicide, and Rodenticide Act

a. Original and supplemental registrations of economic poisons during the year totaled 6,991 bringing the number of registrations since the Act became effective to 36,486. Manufacturers of agricultural insecticides, confronted with critical shortages of some required raw materials, produced an increasing number of new chemicals during the year for use in economic poisons. A number of these were released for general use after comprehensive testing, while others were rejected for want of sufficient information regarding their effectiveness against pests, and reactions affecting public safety.

New formulations involving substitution of raw materials in proven insecticides made necessary many new registrations and amendments to existing registrations. Chemical and biological methods for the detection of 2,4-D were developed after serious injury to cotton resulting from the use of insecticides containing small amounts of 2,4-D type weed killer. In the field of rodenticides, many squill preparations were found to be weak and ineffective. Adulteration appeared in the field of pine oil, cresylic acid and quaternary disinfectants and a number of these ordinarily used for proection of public health were found to be of little value.

Registration Activities, Fiscal Years 1948-1951

Activity	1948/1	1949	1950	1951
Submissions received 2/	20,832	20,780	20,203	16,609
Carryover from previous year	-	3,025	429	378
Total submissions requiring action	20,832	23,805	20,632	16,987
Registrations:				
Original registrations	9,020	7,802	4,007	3,422
Supplemental registrations	1,572	3,901	3,193	3,569
Total	10,592	11,703	7,200	6,991
Letters of criticism written	9,687	16,064	14,900	13,804
Pending at end of year	3,025	429	378	269

1/ Registration work was started October 2, 1947.

2/ Includes original submission, submissions of corrected labeling and supplemental submissions in instances where the originally registered products were in some manner changed after registration.

V. REGULATORY ACTIVITIES (Continued)

B. Insecticide, Fungicide, and Rodenticide Act (Continued)

2. Enforcement

a. Examinations of samples of economic poisons declined 7% from 1950 to a total of 2,062 of which 1,212, or 59%, had not previously appeared in interstate commerce. Of these, 467 were found to be so seriously misbranded, adulterated, or otherwise in violation of the law as to warrant citation or seizure. Seizure proceedings were initiated on 54 shipments including 48 different economic poisons with prosecution being recommended on 20 shipments against 7 different manufacturers.

Enforcement Activities, Fiscal Years 1945-1951

Activity	1945	1946	1947	1948	1949	1950	1951
Samples examined:							
Not previously sampled	509	544	977	448	676	1,204	1,212
Old products	1,428	1,362	1,378	528	876	1,017	850
Total	1,937	1,906	2,355	976	1,552	2,221	2,062
Violations (Mislabeled and/or adulterated products)	430	417	635	199	223	570	560
Actions taken on violations:							
Warnings	60	120	229	24	9	91	116
Citations	363	284	357	156	197	438	413
Seizures	16	13	49	18	30	67	54
Prosecutions	27	26	19	11	5	12	20

C. Naval Stores and Tobacco Export Permits

1. Naval Stores

During the past fiscal year, 165 samples were collected to check on adulteration, mislabeling and other malpractices forbidden by law. Since violations involved were not wilful, no formal citation notices or prosecutions were instituted. However, a total of 16 informal notices were issued.

2. Tobacco Export Permits

37 certificates were issued during the year for the exportation of tobacco seeds for experimental purposes only.

V. REGULATORY ACTIVITIES (Continued)

D. Packers and Stockyards Act

1. Posting, Registration and Licensing

a. At the close of 1951, there were 333 yards posted. Of the 1,845 remaining nonposted yards, 306 are now eligible for posting under the Act. The number of packers under supervision totaled 1,950 as compared with 1,997 for the previous year. Responsible for the decrease was the consolidation of the list of packers slaughtering less than 3,000 cattle, or 5,000 calves, hogs and sheep with the list of packers slaughtering in excess of these amounts, thereby eliminating listing a number of smaller packers, or placing them on a follow-up list for future checking.

b. Posting, Registration, and Licensing Activities as of June 30, Fiscal Years 1946-1951

Activity	1946	1947	1948	1949	1950	1951
Number of yards posted	193	201	207	206	308	333
Market agencies and dealers registered	4,708	4,652	4,972	4,462	4,639	4,775
Packers under supervision	1,340	1,871	2,123	2,148	1,997	1,950
Poultry dealers licensed	1,549	1,619	1,603	1,608	1,576	1,563

2. Supervision and Enforcement

a. During 1951 all outlying posted markets were visited from four to six times, which exceeds supervisory visits made in earlier years, but is not sufficient to provide adequate supervision. Field supervisors were given added responsibility in the handling of rate and trade practice investigations in order to utilize supervisory knowledge of market conditions. Currently, this trade practice responsibility extends to 68 terminal stockyards and 265 livestock auction markets and the operations of 2,175 commission firms and 2,600 dealers operating at such markets. In addition, trade practice responsibility under the Act covers 1,950 packers engaged in interstate operations and 1,563 live poultry commission merchants and handlers operating in designated cities.

V. REGULATORY ACTIVITIES (Continued)

D. Packers and Stockyards Act (Continued)

b. Analysis of Formal Proceedings, Fiscal Years 1945-1951

Activity	1945	1946	1947	1948	1949	1950	1951
Cases pending first of year	57	46	23	59	55	23	36
New cases	71	24	64	16	29	65	116
Cases reopened	13	20	38	16	16	18	3
Total cases requiring action	141	90	125	91	100	106	155
Cases disposed of	95	67	66	36	77	70	77
Cases pending end year	46	23	59	55	23	36	78

c. Bonds on file amounted to $38,000,000, representing a small increase over the previous year. Of 17 cases investigated for failure to observe the registration and bonding provisions of the Act, 10 were concluded and 7 are awaiting legal action.

d. Continued requests for increases in yardage and commission rates resulted from higher operating costs. Wage increases occasionally necessitated higher rates and charges. Many requests for rate increases were not formally filed because petitioners were convinced in preliminary conferences that added charges were not warranted or that requests would not be accepted without challenge.

E. Standard Container Acts

1. Tests Made and Samples Obtained

a. There were approximately 195 factories making or equipped to make containers at the close of business on June 30, 1951, as compared with 205 in 1950. During the past fiscal year tests were made of sample containers obtained from 111 factories.

A total of 341 items (1,709 samples) were examined during the year. Of this number, 78 or 22.8% required correction. During the year corrections of 58 items were accomplished, 62 factories were visited in 11 States and tests were made of 151 items.

V. REGULATORY ACTIVITIES (Continued)

F. United States Warehouse Act

1. Licensed Warehouses

The number of warehouses licensed under the Act increased in fiscal year 1951 to 1,508 as compared with 1,483 in 1950. Over 92 percent of these were primarily for storing grain (916) and cotton (484). The remainder (108) stored wool, tobacco, nuts, broomcorn, dry beans, sirup, canned foods, cottonseed, cold pack fruit, seeds, and cherries in brine. During the year, warehousemen procured for issuance over 10,000,000 warehouse receipts.

2. Licensed Warehouse Capacity

a. Grain

The principal development during the year was in the increased storage capacity for grain - from 380,000,000 bushels in 1950 to over 449,000,000 bushels in 1951. The continuing development in the licensing of grain warehouses is significant in that it is being prompted by, first, recognition by producers of the greater protection of their grain while in storage and, second, a greater recognition of the collateral value of warehouse receipts issued under the Act. Two elevators increased their licensed capacity by 12,350,000 bushels, and two new facilities at Mexia, Texas, one having 13,500,000 bushels capacity, and the other 10,750,000 bushels, were licensed during the year. The latter two facilities are unusual in that they are oil tanks converted into emergency storage space for grain.

A new development is also taking place in the southeastern States, due to a shift from cotton to grain production. Applications for licenses are being received from a number of new elevators which are being placed into operation along the Atlantic seaboard.

b. Cotton

While licensed cotton storage capacity remained at about the same figure as in 1950, it is expected to increase considerably during 1952 in view of the call on the part of the Department for a 16,000,000-bale crop.

V. REGULATORY ACTIVITIES (Continued)

F. United States Warehouse Act (Continued)

c. Dry Beans

During the year considerable data were collected relative to the receiving and storing of dry edible beans, and as a result, on July 3, 1951 notice of intention to amend the bean warehouse regulations was issued. It is believed that these new regulations will lead the way toward the proper receiving, handling and storing of beans "in the dirt" and cleaning them while warehouse receipts are outstanding, thereby affording increased protection to all parties concerned.

3. Inspection of Licensed Warehouses

a. The average number of inspections per warehouse remained practically the same as last year. This was accomplished only because of the tremendous reduction of stocks of cotton in warehouses. The number of inspections per warehouse is expected to decrease in 1952 because of expected large stocks of cotton and the raising of the standards of inspection which will require that inspectors secure more data and that inspections be more thorough.

b. During 1950 the inspection of scales, and checking of weighing at licensed cotton warehouses was discontinued. However, in 1951 one round of checking scales used in cotton warehouses and weighing operations at licensed warehouses was made due to the demand for immediate restoration of the service.

4. Violations

During the year, several cases were presented for criminal prosecution under the Act. One company was fined $50,000 for violation of certain parts of the Warehouse Act and regulations.

REMOVAL OF SURPLUS AGRICULTURAL COMMODITIES

Purpose Statement

Under Section 32 of the Act approved August 24, 1935, as amended (7 U.S.C. 612c), an amount equal to 30 percent of customs receipts during each calendar year and unused balances to the extent of $300,000,000 are available for the removal from the market of agricultural surpluses and for administration of marketing agreements and orders. The Agricultural Act of 1949 requires that this fund be used principally for perishable agricultural commodities. During the fiscal year 1951, seventy-five percent of the funds used for surplus commodity operations was for perishables.

Purchases for distribution - Surplus agricultural commodities, generally perishables such as fruits and vegetables, are purchased and distributed to the school lunch program, charitable institutions serving needy persons and persons certified by welfare agencies as eligible for relief.

Encouragement of exportation - Differential payments are made to enable exporters to purchase surplus commodities on the domestic market and sell them on the world market at competitive world prices. Under provisions of the Foreign Assistance Act of 1948, exports of commodities purchased under the price support programs are also encouraged.

Diversion to by-products and new uses - Differential payments are made to enable processors to purchase surplus commodities on the domestic market, divert them to by-products or new uses, and sell them at prices comparable to competing products, thus creating new markets for surplus commodities.

Other surplus removal operations - Supervisory assistance is furnished local and State groups on the preservation of surpluses for year-round use. In cooperation with the food trade, press, and radio, greater consumption of abundant foods is encouraged.

Marketing agreements and orders - These agreements constitute voluntary arrangements and are put into effect upon request from the industry after extensive hearings, investigations, and referenda among producers. They serve to strengthen prices by establishing and maintaining orderly market conditions and are in effect for milk, tree fruits, tree nuts, Irish potatoes and other vegetables.

	Appropriated, 1952	Budget Estimate, 1953
Appropriated funds (Permanent appropriation)	$158,886,746	$181,000,000

(f) Removal of Surplus Agricultural Commodities (Section 32)

Appropriation, 1952, and base for 1953 (30% of customs receipts)	$158,886,746
Budget Estimate, 1953 (30% of customs receipts)	181,000,000
Increase (in annual appropriation for Section 32 purposes)	+22,113,254

NOTE: Due to an estimated carryover of $175,808,569 from the fiscal year 1952, a total of $356,808,569 is estimated to be available for Section 32 purposes in the fiscal year 1953. Of this total, the estimates tentatively forecast obligations of $75,000,000 for the fiscal year 1953, leaving a carryover of $281,808,569 into the fiscal year 1954.

PROJECT STATEMENT

Project	1951	1952 (estimated)	Increase or Decrease	1953 (estimated)
1. Direct purchases	$13,476,004	$68,689,400	-$29,029,746	$39,659,654
2. Encouragement of exportation	24,459,920	25,790,952	+884,048	26,675,000
3. Diversion to by-products and new uses	167,074	1,689,648	+3,003,352	4,693,000
4. Surplus removal operating expenses	2,000,319	2,340,000	+7,346	2,347,346
5. Marketing agreements and orders	1,238,482	1,490,000	+135,000	1,625,000
Total pay adjustment costs	[- -]	[293,554]	[+14,096]	[307,650]
Total obligations	41,341,799	100,000,000	-25,000,000	75,000,000
Balance available in subsequent year	+116,921,823	+175,808,569	+106,000,000	+281,808,569
Total available	158,263,622	275,808,569	+81,000,000	356,808,569
Transfer in 1951 estimates to "Marketing Services, Production and Marketing Administration"	+316,500	- -	- -	- -
"Expenses of Defense Production, Executive Office of the President" pursuant to Public Law 45	+225,000	- -	- -	- -
Prior year balance available	-47,612,873	-116,921,823	-58,886,746	-175,808,569
Total appropriation or estimate	111,192,249	158,886,746	+22,113,254	181,000,000

INCREASE

The increase of $22,113,254 results from an increase in estimated customs receipts for the calendar year 1951. However, the estimated total available for the fiscal year 1953 is $356,808,569, which includes an estimated $175,808,569 to be available on June 30, 1952 from prior year balance. This compares with a total available in the fiscal year 1952 of $275,808,569, which includes $116,921,823 from prior year balances. Total requirements for the fiscal year 1953, however, are expected to be approximately $25,000,000 less than the estimated demands to be made on these funds during the fiscal year 1952.

Approximately 83% of the fund requirements for the fiscal year 1953 will be devoted to the removal from the market of surplus fruits, vegetables, and poultry and poultry products. To avoid waste of these highly nutritious foods, it is imperative that they be utilized during the marketing season. In view of the assumed continued high production, local market gluts of perishables constitute an ever-threatening possibility of price declines which could be disastrous to producers, particularly if shortages of transportation, packing materials, or labor develop when crops are being marketed. In many such instances, these funds play an important part in stabilizing farm prices. Often the fact that these funds are available strengthens the market so that it is unnecessary to make any purchases under this appropriation.

The extent to which this appropriation will be required for surplus removal operations during fiscal year 1953 will depend upon weather conditions and the volume of agricultural production in this country and foreign countries, economic conditions generally, the extent of local market gluts, and many other complex and unpredictable factors.

As indicated in the above project statement, present plans provide for program expenditures during fiscal year 1953 as follows:

(1) Direct purchases, $39,659,654 as compared with $68,689,400 for fiscal year 1952. Surplus commodities removed from the market under this program are distributed to schools, institutions, and welfare agencies.

(2) Encouragement of exportation, $26,675,000 as compared with $25,790,952 for fiscal year 1952.

(3) Diversion to by-products or new uses, $4,693,000 as compared with $1,689,648 in fiscal year 1952. The increase of $3,003,352 for this program is based on the assumption that local surpluses will develop in certain commodities beyond the domestic outlets available through direct purchases.

Congress has recognized the importance of these funds to the agricultural economy by providing for the accumulation of unused balances to the extent of $300,000,000. In further recognition of the importance of these funds, Congress has provided that they should be devoted principally to perishable and nonmandatory price support commodities for which no other funds are available.

STATUS OF PROGRAM

Current Activities: This appropriation is available for expanding market outlets for farm commodities by removing from the market surplus agricultural commodities through:

(a) Purchases for distribution through State distributing agencies to school lunch programs, and to welfare agencies and institutions eligible to receive such purchases.

(b) Encouragement of exports through payments which will permit the sale of surplus commodities in foreign markets.

(c) Encouragement of domestic consumption by diversion from normal channels of trade to by-products and new uses.

These funds are also used for the administration of marketing agreements and orders which aim to establish and maintain orderly marketing conditions for certain commodities and their products.

These programs directly or indirectly tend to maintain prices received by farmers for many commodities.

The Agricultural Act of 1949 provides that Section 32 funds shall be devoted principally to perishable nonbasic agricultural commodities (other than those designated in Title II of the Agricultural Act of 1949) and their products. Commodities designated in Title II are: wool, including mohair, tung nuts, honey, Irish potatoes, milk, butterfat, and the products of milk and butterfat.

Recent progress and trends:

A. Purchases of agricultural commodities for distribution to authorized agencies:

1. During the fiscal year 1951 approximately 172 million pounds of agricultural commodities at a cost of $13,500,000 were purchased for distribution through authorized agencies. Distribution was made by 108 agencies to the following participants:

(1) 9,901,431 school children
(2) 9,460,073 persons in eligible institutions
(3) 94,560 individual welfare recipients

2. Quantity and Cost of Commodities Purchased for Distribution During Fiscal Years 1950 and 1951

Commodity	Unit	1950 Quantity	1950 Value	1951 Quantity	1951 Value
Dairy products:			$		
Butter	pound	19,128,568	12,761,091	- -	- -
Milk, nonfat dry	"	12,069,151	2,797,932	- -	- -
Fruits:					
Apples, fresh	bu.	3,243,725	7,263,944	2,909,804	6,551,820
Cherries, canned	case	- -	- -	465,386	1,910,766
Cranberry sauce	"	- -	- -	361,734	1,189,765
Pears, fresh	box	834,480	2,683,230	- -	- -
Prunes, dried	ton	390	93,350	- -	- -
Prunes, fresh	bu.	32,546	114,718	- -	- -
Raisins, dried	ton	1,613	295,903	- -	- -
Honey	pound	- -	1/ 178,232	6,805,549	1,017,991
Poultry products:					
Eggs	pound	4,592,066	6,595,156	- -	- -
Turkeys	"	8,471,305	3,645,063	5,768,523	2,545,386
Vegetables:					
Beans, dry	cwt.	5,649	51,027	4,000	40,952
Beans, snap	bu.	32,222	47,349	- -	- -
Beets	50# bag	- -	- -	17,400	19,948
Cabbage	50# bag	105,972	133,510	24,000	29,503
Irish potatoes	bu.	3,340,866	4,843,754	- -	- -
Spinach	bu.	50,000	43,970	- -	- -
Sweetpotatoes	bu.	62,594	137,228	79,413	134,746
Total		xxx	41,685,457	xxx	13,440,877

1/ Transportation cost on prior year purchases.

B. Encouragement of export of agricultural commodities:

Export payments totaling approximately $25,000,000 were made during fiscal year 1951 to encourage the exportation of surplus agricultural commodities. Programs for the exportation of eggs, flaxseed, linseed oil, peanuts, and sorghum grains were carried out under the provisions of the Foreign Assistance Act of 1948.

Quantity of Commodities Exported and Payments Made During Fiscal Years 1950 and 1951 (Including those made under the Foreign Assistance Act)

Commodity	Unit	1950 Quantity	1950 Cost	1951 Quantity	1951 Cost
Cotton	bale	2,567	$257	2,894	$289
Eggs	lb.	5,935,225	3,033,833	4,999,350	2,562,320
Flaxseed	bu.	321,721	160,242	1,060,184	1,096,057
Fruits:					
Apples, dried	ton	- -	- -	1,602	320,500
Apples, fresh	bu.	2,046,212	2,536,524	2,369,529	2,742,872
Citrus juice, blend	case	- -	- -	17,439	17,218
Grapefruit, fresh	box	- -	- -	250,390	250,390
Grapefruit/oranges, canned	case	- -	- -	120	156
Grapefruit juice, concentrated	gal.	- -	- -	45,108	51,874
Grapefruit, canned	case	- -	- -	9,504	12,347
Grapefruit juice, SS	"	- -	- -	150,581	133,136
Oranges, fresh	box	1,249,567	2,061,786	2,511,349	4,143,561
Orange juice, conc.	gal.	51,102	75,822	1,174,935	1,703,648
Orange juice, SS	case	68,050	69,369	169,769	177,382
Pears, fresh	box	132,654	165,896	365,967	457,459
Prunes, dried	ton	42,500	3,711,801	19,693	1,850,066
Raisins, dried	ton	64,821	5,478,529	14,566	1,396,269
Honey	lb.	3,665,920	164,855	11,291,213	514,266
Linseed oil	lb.	11,424,020	381,519	236,057	7,383
Peanuts	lb.	62,032,959	4,559,192	26,755,301	917,821
Sorghum grain	cwt.	- -	- -	9,575,015	6,104,906
Wheat	bu.	6,663,704	2,286,880	- -	- -
Total		xxx	24,686,505	xxx	24,459,920

C. Total Commodities Exported and Payments Made Under the Mutual Security Act of 1951, Fiscal Years 1948 through 1951

Commodity	Unit	Total		Section 32		E.C.A.		State		Army	
		Quantity	Payment	Quantity	Payment	Quantity	Payment	Quantity	Payment	Quantity	Payment
Dried Fruits:	ton										
Apricots	"	1,390	574,652	1,390	143,663	--	--	--	--	1,390	430,989
Dates	"	750	135,110	750	33,777	--	--	--	--	750	101,333
Figs	"	6,788	1,124,222	6,788	281,056	--	--	--	--	6,788	843,166
Peaches	"	1,702	411,710	1,702	102,928	--	--	--	--	1,702	308,782
Prunes	"	95,192	17,603,740	95,192	6,014,095	37,442	4,677,764	--	--	57,750	6,911,881
Raisins	"	66,984	12,163,593	66,984	4,374,420	32,697	4,130,271	--	--	34,287	3,658,902
Sub-total		172,806	32,013,027	172,806	10,949,939	70,139	8,808,035	--	--	102,667	12,255,053
Dried eggs	lb.	18,578,860	21,265,720	18,578,860	10,632,860	17,974,900	10,232,736	--	--	603,960	400,124
Frozen eggs	lb.	37,463,534	13,185,414	37,463,534	6,592,707	37,463,534	6,592,707	--	--	--	--
Flaxseed	bu.	5,481,282	33,611,289	5,481,282	5,447,986	14,640,177	25,983,242	--	--	382,105	2,180,061
Grain sorghums	lb.	957,501,440	24,568,373	957,501,440	6,664,152	957,501,440	17,904,221	--	--	--	--
Honey	lb.	606,000	75,750	606,000	33,330	--	--	606,000	42,420	--	--
Linseed oil	lb.	19,484,240	3,707,251	19,484,240	388,902	19,484,240	3,318,349	--	--	--	--
Peanuts	lb.	248,065,840	39,667,661	248,065,840	15,602,289	199,295,826	19,698,247	--	--	48,770,014	4,367,125
Total		XXX	168,094,485	XXX	56,312,165	XXX	92,537,537	XXX	42,420	XXX	19,202,363

D. Diversion to By-products and New Uses

During the fiscal year 1951 agricultural surpluses were handled primarily through purchases for direct distribution and exportation. The only diversion program conducted was for the utilization of 60,000 pounds of surplus honey in the manufacture of bakery and cereal foods by blending the honey with other ingredients and by coating the finished products with honey. Payments totaling $2,250 were made to processors participating in the program.

E. Food preservation and marketing of abundant foods:

The work performed under this program supplemented the Direct Distribution Program by (1) furnishing assistance and advice in the preservation of foods and in the operation of preservation centers and (2) encouraging the consumption of plentiful foods through normal channels of trade.

1. Food Preservation Program

(a) Surplus Foods Preserved During Fiscal Years 1950 and 1951 by Local Preservation Centers for Redistribution in Processed Form to Schools and Other Outlets.

Commodity	Fiscal Year 1950 Pounds	Fiscal Year 1951 Pounds
Pears	14,884,128	- -
Apples	1,344,470	15,608,190
Plums	184,030	- -
Frozen turkeys	76,486	- -
Dried prunes	39,330	- -
Beets	- -	348,515
Sweetpotatoes	- -	317,500
Total	16,528,444	16,274,205

(b) Assistance and Advice Furnished to Nonprofit Food Preservation Centers During Fiscal Years 1950 and 1951

Project	Fiscal Year 1950 Number	Fiscal Year 1951 Number
Workshops conducted in food preservation training	51	62
Technical assistance furnished in modifying canneries and installing equipment	300	262
Plant surveys performed	178	142
Floor plans and equipment drawings developed and used	93	43

2. Marketing of Abundant Foods Program

During 1951 commodities on the national list were regrouped to reflect items such as "locally grown vegetables" which were specifically expanded in five area lists to include, for example, tomatoes, snap beans, beets, cabbage and other commodities in ample production during the reporting period.

Emphasis shifted during 1951 from national food drives to area, State or local acuivities in an effort to move burdensome supplies through normal channels of trade before surplus problems developed over a wider area.

Programs Conducted during Fiscal Years 1950 and 1951

Project	Fiscal Year 1950 Number	Fiscal Year 1951 Number
Average number of foods listed on monthly abundant foods list	20	13
Distribution of monthly abundant foods list	15,000	29,071
National food drives conducted	14	7
Area, State and local food drives conducted	11	15

F. Marketing agreements and orders:

Marketing agreements and orders were in effect during fiscal years 1950 and 1951 for (1) milk and (2) tree nuts, tree fruits, potatoes and other vegetables as follows:

1. Activities under the Milk and Fruit and Vegetable Agreement and Order Programs during Fiscal Years 1950 and 1951

Activity	Milk		Fruit and Vegetable	
	F.Y. 1950	F.Y. 1951	F.Y. 1950	F.Y. 1951
Agreement and order programs in effect	37	41	28	30
Hearings held to consider amendments to existing orders or the issuance of orders in new areas	39	49	19	4
Requests received for new programs	14	13	22	5
Amendments issued to existing orders	23	37	6	4
Suspensions issued to existing orders	9	3	-	-
Petitions received for review of various order provisions	16	8	1	4
Petitions disposed of during the year	21	12	1	2
Court cases started during the year	11	12	-	-
Court cases disposed of during the year	17	15	-	-
Hearings held under Administrative Procedures Act	7	4	-	-
Applications received from cooperatives for qualifications to participate under the Act	20	60	-	-
Cases disposed of under the Act	34	46	-	-
Regulatory orders issued under provisions of marketing order	3	3	201	284
Appointment of administrative or control committees	-	-	52	44
Promulgation of committee rule making	-	-	43	49
Committee budgets approved	-	-	52	63
Investigation of alleged violations	-	-	206	168
Cases referred to Department of Justice for prosecution	-	-	71	39

2. Milk Marketing Agreement and Order Programs in Effect for Fluid Milk During Fiscal Year 1950

Markets		Estimated Number of Producers	Est. Annual vol. of pooled milk (pounds)
State	City		
Illinois	Chicago; suburban Chicago; Quad Cities; Rockford-Freeport	25,562	4,112,030
Indiana	Ft. Wayne, South Bend-LaPorte	1,896	173,587
Iowa	Clinton, Dubuque, Sioux City	853	87,555
Kansas	Topeka, Wichita	1,274	134,332
Kentucky	Louisville, Paducah	2,434	267,033
Louisiana	New Orleans	2,860	231,557
Massachusetts	Boston, Fall River, Lowell-Lawrence, Springfield, Worcester	16,608	1,870,990
Minnesota	Duluth-Superior, Minneapolis-St.Paul	7,208	784,088
Missouri	Kansas City, Springfield, St. Louis	7,632	815,403
Nebraska	Omaha-Council Bluffs	1,981	140,684
New York	New York	50,206	6,812,582
Ohio	Cincinnati, Cleveland, Columbus, Dayton-Springfield, Lima, Toledo	19,347	2,690,789
Tri-State	Huntington District Plants	812	60,245
Tri-State	Other Plants	890	69,074
Oklahoma	Oklahoma City, Tulsa	1,990	222,006
Pennsylvania	Philadelphia	8,947	1,100,380
Tennessee	Knoxville, Nashville, Memphis	2,532	327,800
Wisconsin	Milwaukee	2,654	249,121
	Total, 41 Markets	155,686	20,149,256

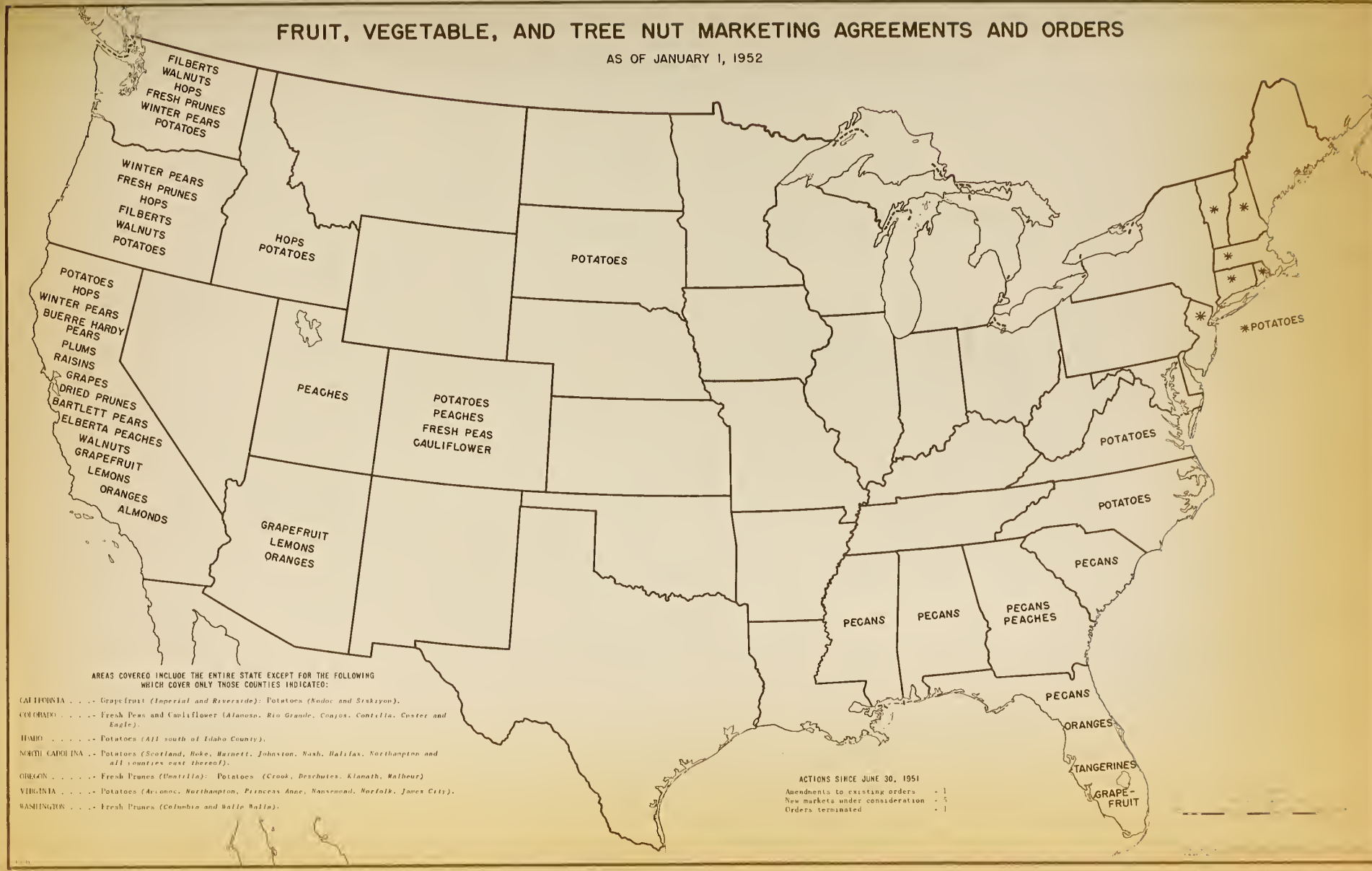
3. Fruit and Vegetable Marketing Agreement and Order Programs in Effect During Fiscal Year 1951

Commodity	Est. No. of Commercial Producers	Estimated Farm Values
Citrus fruits:		
California-Arizona desert grapefruit	2,000	27878,000
California-Arizona lemons	6,100	30,000,000
California-Arizona orangos	20,000	66,660,000
(a) Florida oranges	(	97,600,000
(a) Florida grapefruit	(15,000	32,550,000
(a) Florida tangerines	(	8,880,000
Deciduous fruits:		
California Tokay grapes	1,900	9,000,000
Colorado peaches	2,600	3,291,000
Georgia peaches	2,400	3,802,000
Utah peaches	1,300	500,000
(b) California Bartlett pears	1,200	22,772,000
(b) California plums	900	14,118,000
(b) California Elberta peaches	500	7,000,000
California Bourre Hardy pears	300	1,000,000
Oregon-Washington-California fall and winter pears	3,000	19,111,000
Oregon-Washington fresh prunes	600	2,083,000
Dried fruits:		
California dried prunes	7,500	36,520,000
California raisins	12,000	40,209,000
Vegetables:		
(c) Colorado peas	130	533,000
(c) Colorado cauliflower	175	482,000
Potatoes:		
Idaho-Oregon	10,855	28,278,000
Colorado	3,201	19,530,000
Oregon-California	2,336	10,120,000
North Central	13,241	75,400,000
Virginia-North Carolina	3,766	10,842,000
New Jersey	1,138	12,840,000
Eastern South Dakota	278	1,395,000
Maine	4,747	47,548,000
Washington	1,493	12,840,000
New England except Maine	1,323	12,022,000
Nuts:		
California almonds	8,500	21,960,000
Oregon-Washington filberts	3,800	1,843,000
Southeastern pecans	20,500	17,041,000
California-Oregon-Washington walnuts	16,000	25,526,000
Hops:		
California-Oregon-Washington-Idaho hops	850	31,032,000
Total, 30 orders		727,206,000

(a), (b), (c) - one order each respectively.

FRUIT, VEGETABLE, AND TREE NUT MARKETING AGREEMENTS AND ORDERS

AS OF JANUARY 1, 1952



AREAS COVERED INCLUDE THE ENTIRE STATE EXCEPT FOR THE FOLLOWING WHICH COVER ONLY THOSE COUNTIES INDICATED:

CALIFORNIA- Grapefruit *(Imperial and Riverside)*: Potatoes *(Modoc and Siskiyou)*.

COLORADO- Fresh Peas and Cauliflower *(Alamosa, Rio Grande, Conejos, Costilla, Custer and Eagle)*.

IDAHO- Potatoes *(All south of Idaho County)*.

NORTH CAROLINA .- Potatoes *(Scotland, Duke, Harnett, Johnston, Nash, Halifax, Northampton and all counties east thereof)*.

OREGON- Fresh Prunes *(Umatilla)*: Potatoes *(Crook, Deschutes, Klamath, Malheur)*

VIRGINIA- Potatoes *(Accomac, Northampton, Princess Anne, Nansemond, Norfolk, James City)*.

WASHINGTON . . .- Fresh Prunes *(Columbia and Walla Walla)*.

ACTIONS SINCE JUNE 30, 1951

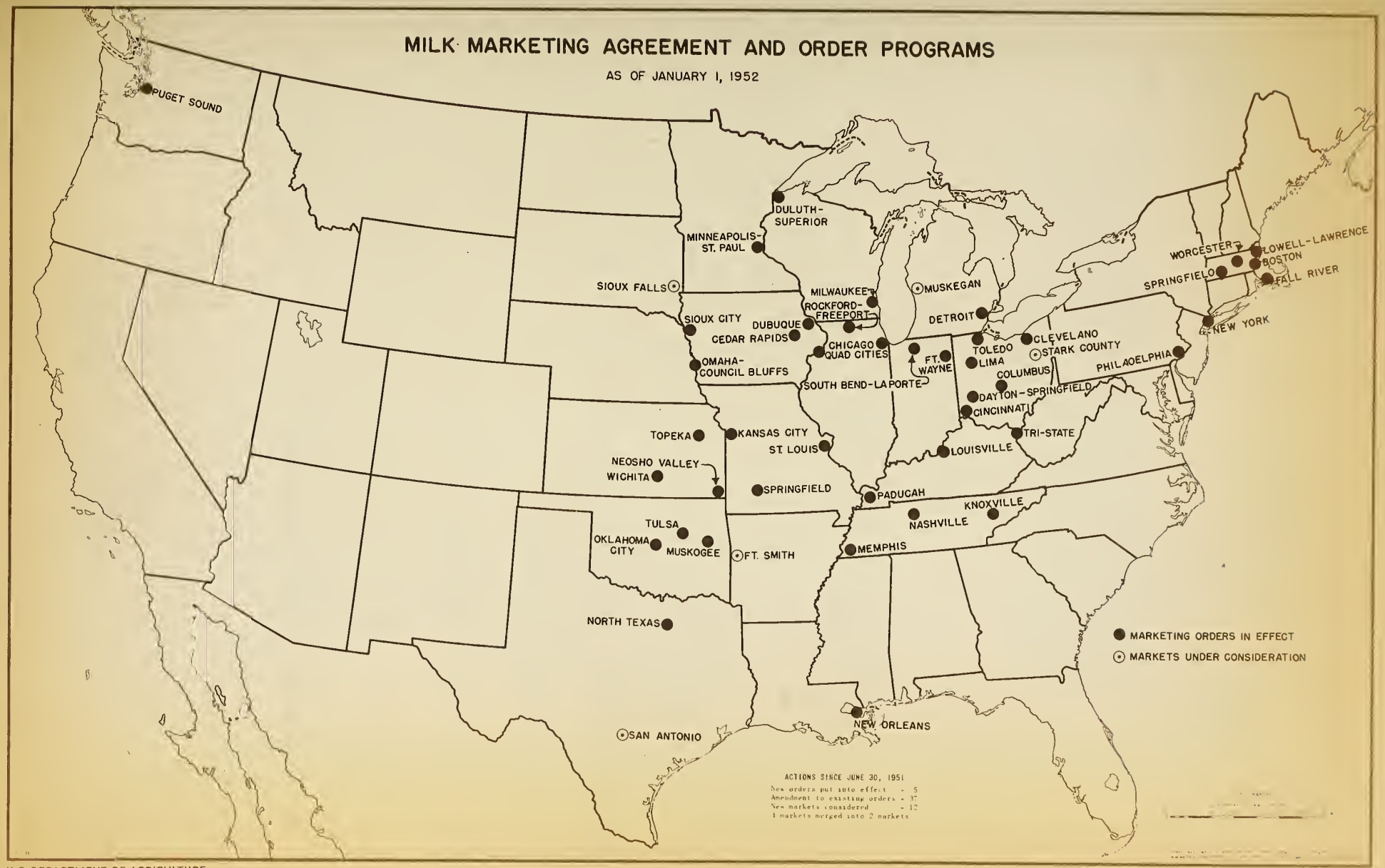
Amendments to existing orders	- 1
New markets under consideration	- 5
Orders terminated	- 1

U.S DEPARTMENT OF AGRICULTURE

PRODUCTION AND MARKETING ADMINISTRATION

MILK MARKETING AGREEMENT AND ORDER PROGRAMS

AS OF JANUARY 1, 1952



ACTIONS SINCE JUNE 30, 1951

New orders put into effect - 5
Amendment to existing orders - 37
New markets considered - 12
1 markets merged into 2 markets

U.S. DEPARTMENT OF AGRICULTURE

PRODUCTION AND MARKETING ADMINISTRATION

(c) Perishable Agricultural Commodities Act Fund

Appropriated, 1952	$390,000
Budget Estimate, 1953	390,000
Change	- -

Note: Due to an estimated carryover of $188,830 from fiscal year 1952, a total of $578,830 is estimated to be available for administration of these Acts in fiscal year 1953. Of the total, the estimates tentatively forecast obligations of $438,835 for fiscal year 1953 leaving a carryover of $139,995 into fiscal year 1954.

PROJECT STATEMENT

Project	1951	1952 (estimated)	1953 (estimated)
Licensing dealers and handling complaints under the Perishalbe Agricultural Commodities, Produce Agency, and Export Apple and Pear Acts	$332,775	$438,835	$438,835
Total, pay adjustment costs	[- -]	[33,835]	[34,200]
Prior year balance available	- -	-237,665	-188,830
Balance available in subsequent year	+237,665	+188,830	+139,995
Transfer from "Marketing Services, Department of Agriculture"	-150,000	- -	- -
Total appropriation or estimate	420,440	390,000	390,000

STATUS OF PROGRAM

Current Activities

This fund, replenished by license fees, provides for the protection of producers, distributors, consumers, and others, from unfair and fraudulent practices in the marketing of perishable agricultural commodities; prevents destruction or dumping of farm products; and promotes foreign trade in apples and pears. Handlers are required to give shippers a true and correct accounting for commodities sent for sale in the market. Buyers and sellers must live up to the terms of the contract; false or misleading statements, and misbranding, etc. are prohibited.

All dealers, commission merchants and brokers handling fresh or frozen fruits and vegetables which move in interstate or foreign commerce must be licensed.

Anyone financially interested in a transaction covered by the law may request the help of the Department. The Department will promptly communicate with the other party, make the necessary investigation, endeavor to bring about an amicable informal settlement, take formal action if necessary, give each party opportunity to present his side fully, determine the loss or amount of damage to be paid, and if the violation is found to warrant such action, publish the facts and suspend or revoke the offender's license. Much of the evidence is supplied by the inspection certificate, as a majority of the cases involve questions of quality and condition.

Activities under these Acts include licensing, collection of fees, and investigation and handling of complaints and violations.

Financing

Pursuant to the amendment of the Perishable Agricultural Commodities Act, effective June 15, 1950, annual license fees of $15, together with arrearage fees, are deposited into a special fund from which all expenses, excluding legal services, for administration of the Perishable Agricultural Commodities, Produce Agency, and violations of the Export Apple and Pear Act are paid.

Prior to this amendment the annual license fees of $10 and arrearage fees were deposited to Miscellaneous Receipts and the administration of the Acts was financed under the Marketing Services appropriation.

Revenue collected and obligations incurred during the past five years are as follows:

	Fiscal Years				
	1947	1948	1949	1950	1951
Fees and arrearages collected	$255,102	$266,475	$277,194	$278,639	$420,440
Obligations	1/ 237,602	1/ 275,225	1/ 298,437	1/ 297,910	332,775

1/ Paid from Marketing Services.

Examples of recent progress and trends:

Licensing:

Because of unfavorable growing conditions in certain areas, resulting in substantially smaller crops, licenses in effect on June 30, 1951 reflected some decrease from the previous year.

Licenses in effect at the end of each of the past five years are as follows:

Activity	Fiscal Years				
	1947	1948	1949	1950	1951
Number of licenses renewed....	16,674	17,843	18,774	18,820	18,737
Number of new licenses issued.	6,921	6,920	6,886	6,450	5,810
Number of licenses terminated.	5,464	5,752	5,989	6,840	1/7,284
Total actions.....	29,059	30,515	31,649	32,110	31,831
In effect June 30.....	23,595	24,763	25,660	25,270	24,547

1/ Includes an adjustment of 751 terminations which in error had not been reported in prior years.

Complaints and Reparations

(1) Complaints of violations are investigated and violations dealt with by (a) informal settlements, (b) formal decisions involving payments or reparation awards between parties, and (c) suspension or revocation of license or publication of the facts.

(2) The backlog of complaint cases on June 30, 1951 decreased slightly from that of the previous year.

(3) Reparations awarded under formal order and payments under informal settlements increased $60,000 over the previous year.

(4) Analysis of Complaint Work - Fiscal Years 1947 - 1951:

Complaints:	Fiscal Years 1947	1948	1949	1950	1951
On hand beginning of year	546	714	923	974	964
Received	2,267	2,450	2,641	2,732	2,688
Total to be handled	2,813	3,164	3,564	3,706	3,652
Formal decisions	104	118	153	164	171
Informal amicable settlements	894	968	1,165	1,169	1,278
Otherwise closed	1,101	1,155	1,272	1,409	1,281
Pending June 30	714	923	974	964	922

Reparations:	1947	1948	1949	1950	1951
Awarded - Formal Orders	$ 155,804	$ 180,311	$ 159,282	$ 177,630	$ 184,110
Payments - Amicable Settlements	904,133	949,948	933,859	878,418	932,420
Total	1,059,937	1,130,259	1,093,141	1,056,048	1,116,530

Produce Agency Act Cases are limited to (1) those involving consignment transactions in fruits and vegetables which occurred more than nine months prior to filing complaints, (2) complaints of such flagrant nature as to warrant criminal action, and (3) complaints involving other perishable farm produce which do not come within the scope of the PAC Act. Under this Act, a criminal statute, 26 complaints were received and recorded, and 2 cases are now pending with United States attorneys.

Export Apple and Pear Act Violations:

One case under this Act was recorded during the year for alteration of Federal inspection certificates. Prosecution of this case is probable.

(h) Administrative Expenses, Section 392, Agricultural Adjustment Act of 1938

This appropriation account for National and State operating expenses was established pursuant to section 392 of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1281-1407). There are transferred into this appropriation account amounts estimated to be required for carrying out, or cooperating in carrying out, various programs assigned to the National and State PMA offices.

The State Committees, appointed pursuant to the provisions of section 8(b) of the Soil Conservation and Domestic Allotment Act, are in general administrative charge of all programs in their respective States which are assigned to them by the Production and Marketing Administration. Within the framework of the national policy, they determine State policies and direct the adaptation of the national programs to the State.

The amounts transferred into this appropriation account are within the limitation for administrative expenses established under the respective appropriations from which such transfers are made. The justification of the increases and decreases is contained in the statements for the various appropriation items involved.

Transfers, 1952, as shown below and base for 1953	$13,330,900
Transfers, 1953, as shown below	13,200,510
Decrease	-130,390

STATEMENT OF SOURCES, PURPOSES, AND AMOUNT OF FUNDS TRANSFERRED
(As shown in Budget Schedules)

Purpose for which funds are transferred into this account	1951	1952 (estimated)	1953 (estimated)	Increase or Decrease
Conservation and Use of Agricultural Land Resources:				
For administration of Agricultural Conservation Program	$4,966,000	$4,943,043	$4,904,800	-$38,243
Agricultural Production Programs:				
For administration of acreage allotment and marketing quota and production goals and assistance programs	4,396,572	2,956,720	3,000,000	+43,280
Sugar Act Program:				
For administration of sugar payment program	675,000	714,506	715,450	+944
National School Lunch Program:				
For services in connection with the school lunch program	90,673	129,008	129,008	- -
Removal of Surplus Agricultural Commodities:				
For services in connection with certain distribution and purchase programs	150,000	412,000	412,000	- -

(Continued on next page)

Purpose for which funds are transferred into this account	1951	1952 (estimated)	1953 (estimated)	Increase or Decrease
Salaries and Expenses, Defense Production Activities:				
For services in connection with the agricultural phases of defense production	594,883	120,000	1/	-120,000
Operating and Administrative Expenses, Federal Crop Insurance Corporation:				
For services in connection with Federal Crop Insurance programs	364,003	402,300	463,300	+61,000
Flood Control, Agriculture:				
For services in connection with Preliminary Examinations and Surveys and General Basin Investigations	108,079	80,660	42,200	-38,460
Working Funds:				
For services in connection with the guayule seed and seedling program and plans for river basin development	39,895	18,500	- -	-18,500
Other:				
For services in connection with price support and procurement programs and other miscellaneous programs	3,001,333	3,554,163	3,533,752	-20,411
Total available	14,386,438	13,330,900	13,200,510	-130,390
Transferred to "Operating expenses, General Services Administration"	-6,430	- -	- -	- -
Unobligated balance, estimated savings	-498,674	- -	- -	- -
Total obligations	13,881,334 2/	13,330,900 3/	13,200,510 4/	-130,390

1/ Estimate to be submitted at a later date.

2/ Includes allotments as follows: Forest Service, $19,765; Extension Service, $1,000; Bureau of Agricultural Economics, $21,238.

3/ Includes allotments as follows: Forest Service, $20,844; Extension Service, $900.

4/ Includes allotments as follows: Forest Service, $20,864; Extension Service, $900.

(i) Local Administration, Section 388, Agricultural Adjustment Act of 1938

This appropriation account for PMA county offices was established pursuant to sections 392(a) and 388(b) of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1281-1407). There are transferred into this appropriation account amounts estimated to be required for carrying out or cooperating in carrying out various programs assigned to the PMA county offices.

The PMA county and community committees are responsible for the local administration of all programs of the Production and Marketing Administration dealing directly with farmers. The elected PMA county committee is in charge of the county offices.

The amounts transferred into this appropriation account are within the limitation for administrative expenses established under the respective appropriations from which such transfers are made. The justification of the increases and decreases is contained in the statements for the various appropriation items involved.

Transfers, 1952, as shown below and base for 1953	$34,510,280
Transfers, 1953, as shown below	48,835,047
Increase	+14,324,767

STATEMENT OF SOURCES, PURPOSES, AND AMOUNTS OF FUNDS TRANSFERRED
(As shown in Budget Schedules)

Purpose for which funds are transferred into this account	1951	1952 (estimated)	1953 (estimated)	Increase or Decrease
Conservation and Use of Agricultural Land Resources:				
For administration of Agricultural Conservation Program	$20,284,000	$21,224,000	$30,095,200	+$8,871,200
Agricultural Production Programs:				
For administration of acreage allotment and marketing quota and production goals and assistance programs	16,579,906	6,970,280	11,914,000	+4,943,720
Sugar Act Program:				
For administration of sugar payment program	345,000	345,000	374,242	+29,242
Removal of Surplus Agricultural Commodities:				
For services in connection with certain distribution and purchase programs	58,747	75,000	82,326	+7,326
Expenses of Defense Production:				
For services in connection with the agricultural phases of defense production	2,021,417	- -	- -	- -

Purpose for which funds are transferred into this account	1951	1952 (estimated)	1953 (estimated)	Increase or Decrease
Operating and Administrative Expenses, Federal Crop Insurance Corporation:				
For services in connection with Federal Crop Insurance programs	1,351,570	1,500,000	1,775,200	+275,200
Working Funds:				
For services in connection with the guayule seed and seedling program, plans for river basin development and noxious weed control	153,508	136,000	- -	-136,000
Other:				
For services in connection with price support programs and other miscellaneous services	3,642,905	4,260,000	4,594,079	+334,079
Total available for obligation 2/	1/ 44,437,053	1/ 34,510,280	1/ 48,835,047	+14,324,767
Transferred to "Operating Expenses, General Services Administration" pursuant to Reorganization Plan No. 18 of 1950	-354	- -	- -	- -
Unobligated balance, estimated savings	-319,295	- -	- -	- -
Obligations Incurred	44,117,404	34,510,280	48,835,047	+14,324,767

1/ Includes allotments to the Forest Service for administration of the Naval Stores Conservation Program as follows: 1951, $102,917; 1952, $108,425; 1953, $116,600.

2/ Does not include reimbursements received directly by the county committees for services rendered Federal agencies.

Funds from this appropriation account are advanced to the PMA county committees each month or quarter on the basis of their estimate of requirements for the period. These funds are deposited in the county committee bank accounts and used to pay the expenses of the committee. Unobligated balances in the bank accounts at the end of each month or quarter are used to pay expenses incurred in the following month or quarter. The estimate for the following month or quarter is reduced by the amount not obligated in the period just ended. Unobligated balances in the bank accounts at the end of a fiscal year are used for expenses of the next succeeding year. Year end balances are kept as low as possible and as of the end of the last four fiscal years were as follows:

1948, $737,446; 1949, $1,281,414; 1950, $2,463,763; 1951, $1,151,336

The PMA county committees performed certain functions for the Commodity Credit Corporation during the fiscal year 1951 in connection with the CCC grain storage structure program and other CCC programs. This work which included erection of storage structures, handling and maintenance of grain, maintenance and operation of sites and structures, etc., was paid for from the county committee bank accounts. The funds expended were refunded to the bank accounts by sight drafts drawn on CCC corporate funds. The amount of such refunds in the fiscal year 1951 was $13,164,777 and it is estimated at $11,023,500 for 1952.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

Item	Obligations, 1951	Estimated obligations, 1952	Estimated obligations, 1953
Agricultural Marketing Act (RMA-Title II), Agriculture (Production and Marketing Administration):			
For marketing research and services	$2,488,739	$2,138,300	$2,327,300
Flood Control, Agriculture (Production and Marketing Administration):			
For preliminary examinations and surveys	108,079	101,000	70,000
For General Basin investigations	- -	42,800	69,000
Total	108,079	143,800	139,000
Working Fund, Agriculture (Production and Marketing Administration), Advanced from:			
Department of the Army:			
For inspection of fresh and processed fruits and vegetables	438,784	660,639	- -
For inspection of miscellaneous grain and cereal products	48,756	50,000	- -
Total, Department of Army	487,540	710,639	- -
Department of Interior:			
Eradication and control of noxious weeds on certain lands in the State of Oregon	21,000	- -	- -
Commodity Credit Corporation:			
For classification of cotton	- -	100,000	- -
Total, Working fund, Agriculture, PMA	508,540	810,639	- -
Working Fund, Agriculture, General (Production and Marketing Administration), Advanced from:			
Department of the Air Force:			
For indexing and preparation of aerial photographs for mosaics and charting purposes	132,183	150,000	- -

(Continued on next page)

Item	Obligations, 1951	Estimated obligations, 1952	Estimated obligations, 1953
Working Fund, Agriculture, General (Production and Marketing Administration), Advanced from:			
Department of the Air Force: (Cont'd.)			
For cost of aerial photography for certain urban areas	- -	9,000	- -
Department of the Army:			
For expenses in connection with a comprehensive survey of the Arkansas White-Red River basin	27,392	- -	- -
General Services Administration:			
For the acquisition of guayule seeds and seedlings on behalf of the National stockpile	169,973	162,027	- -
Total, Working Fund, Agriculture, General	329,548	321,027	- -
Total, Working Funds	838,088	1,131,666	- -
Trust Funds:			
Expenses and Refunds, Inspection and Grading of Farm Products, Production and Marketing Administration:			
For inspection and grading and certification of:			
Fresh and processed fruits and vegetables	1,832,977	2,064,700	2,035,000
Dairy and poultry products	2,757,081	3,059,800	3,025,500
Rice, hay, beans, peas, seed, hops and miscellaneous agricultural commodities	497,599	506,700	490,000
Meats and wool	1,864,380	4,232,000	4,107,000
Naval stores	18,050	24,900	22,500
Total	6,970,087	9,888,100	9,680,000

(Continued on next page)

Item	Obligations, 1951	Estimated obligations, 1952	Estimated obligations, 1953
Grading of Agricultural Commodities, Agriculture, for Commodity Credit Corporation, Production and Marketing Administration:			
For grading of wool and mohair	22,825	- -	- -
Returned to Commodity Credit Corporation	- -	228,706	- -
Total	22,825	228,706	- -
Miscellaneous Contributed Funds, Department of Agriculture (Production and Marketing Administration):			
For cooperation with National Cotton Council of America on commercial ginning and mill-scale spinning tests on cotton	5,000	- -	- -
For cooperative research with various contributors on the marketing of fruits and fruit products	10,000	10,000	10,000
For aerial survey and preparation of photographs and charts	46,000	100,000	100,000
Total	61,000	110,000	110,000
Salaries and Expenses, Defense Production Activities, Agriculture (Production and Marketing Administration):			
For requirements and allocations	694,930	1,528,630	- -
For materials and facilities	2,627,390	1,961,000	- -
For production goals	884,320	- -	- -
Total	4,206,640	3,489,630	- -
Mutual Security (Allotment to Agriculture)(Production and Marketing Administration):			
For providing or procuring commodities for other agencies for distribution to foreign claimants	362,128,807	141,222,035	- -
For expenses incident to the foreign trainee program	9,137	6,801	- -
Total	362,137,944	141,228,836	- -

(Continued on next page)

Item	Obligations, 1951	Estimated obligations, 1952	Estimated obligations, 1953
Obligations under reimbursements from Governmental and other agencies:			
Conservation and Use:			
For sales of aerial photographs	324,196	350,000	350,000
Marketing Services:			
For services rendered cooperating State, county, local and private agricultural marketing agencies and licensed tobacco inspectors	811,152	860,000	860,300
For inspection, grading and classing, and standardization services for:			
Commodity Credit Corporation	35,000	a/ 1,593,300	a/ 1,574,900
Other	344,216	383,300	383,400
For market news service and regulatory activities	11,845	11,700	11,700
Total, Marketing Services	1,202,213	2,848,300	2,830,300
All other	6,909	- -	- -
Total	1,533,318	3,198,300	3,180,300
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS	378,366,720	161,557,338	15,436,600

a/ Includes amounts transferred from Commodity Credit Corporation for classing or grading commodities without charge to the producers thereof. The authority contained in the Department of Agriculture Appropriation Act, 1952, contemplates that the Corporation will be reimbursed from subsequent appropriations to the extent of the costs of grading or classing commodities not placed under price support loan.

PAYMENTS FOR AGRICULTURAL ADJUSTMENT

An appropriation of $296,185,000 (to remain available until expended) was provided under this account by the Act of February 11, 1936 (49 Stat. 1116, 1117) to enable the Secretary of Agriculture to meet all obligations and commitments incurred under the provisions of the Agricultural Adjustment Act as amended (Rental and Benefit Payment Program). No obligations were incurred in fiscal year 1951 and the unobligated balance of $324 will be returned to the surplus fund of the Treasury in fiscal year 1952.

SALARIES AND EXPENSES, AGRICULTURAL ADJUSTMENT ADMINISTRATION

The sum of $100,000,000 was appropriated to remain available until expended, in accordance with provisions of 7 USC 608c - 608d, 612. The unobligated balance of $161 will be returned to the surplus fund of the Treasury during fiscal year 1952.

SUPPLY AND DISTRIBUTION OF FARM LABOR, DEPARTMENT OF AGRICULTURE

The farm labor program was originally established in 1943 to provide an adequate supply of workers for the production and harvesting of agricultural commodities essential to the prosecution of the war. The emergency farm labor recruitment and placement phases of the program expired December 31, 1947. Pursuant to Sec. 205 of Public Law 475, approved April 20, 1950, the balance remaining in the account was transferred to Public Housing Administration for operation and disposition of farm labor supply Centers. The Budget schedule reflects a balance of $21,500 which will be transferred to Public Housing Administration during fiscal year 1952.

PASSENGER MOTOR VEHICLES

The 1953 estimates provide for the replacement of 67 passenger motor vehicles, representing 18 percent of the total cars available to the Production and Marketing Administration. These replacements include: 35 cars for the Marketing Service activities; 4 cars for the Commodity Credit Corporation and related supply programs; 25 cars for Market Inspection and related trust fund activities; 2 cars for Perishable Agricultural Commodities Act Fund activities, and 1 car for use in connection with activities conducted by the PMA Insular Office at Puerto Rico.

The vehicles to be replaced will be over 6 years old or will have been operated more than 60,000 miles at the time of their disposal. The number of passenger vehicles estimated to be available in 1953 represents the minimum required to maintain essential services of the current programs of the Production and Marketing Administration.

COMMODITY EXCHANGE AUTHORITY

Purpose Statement

The Commodity Exchange Authority administers the Commodity Exchange Act of September 21, 1922, as amended.

The major objectives of the act are: to prevent commodity price manipulation and corners; prevent dissemination of false and misleading crop and market information affecting commodity prices; protect hedgers and other users of the commodity futures markets against cheating, fraud, and manipulative practices; insure the benefits of membership privileges on contract markets to cooperative associations of producers; insure trust-fund treatment of margin moneys and equities of hedgers and other traders and prevent the misuse of such funds by brokers; and provide information to the public regarding trading operations on contract markets.

The basic act was designated as the Grain Futures Act and conferred limited authority with respect to futures trading in grains only. By amendment of June 15, 1936, its short-title designation was changed to "Commodity Exchange Act," its regulatory provisions strengthened and extended to cotton, millfeeds, butter, eggs, potatoes, and rice. By amendment of April 7, 1938, wool tops were added to the commodities subject to the act; and fats and oils, cottonseed, cottonseed meal, peanuts, soybeans, and soybean meal were added by the act of October 9, 1940.

At the present time futures trading is conducted in 20 commodities on 18 exchanges. During the 1951 fiscal year trading in all grain futures aggregated 12.1 billion bushels of which wheat accounted for 4,675 million bushels. Trading in cotton futures aggregated 79 million bales. Trading in 17 of the 20 commodities was greater during the year than during the previous year. It is estimated that futures trading in all commodities amounted to forty-seven billion dollars during the 1951 fiscal year, nearly twice the value of all transactions in stocks and bonds on all registered securities exchanges.

Federal supervision over futures trading is carried out by licensing commodity exchanges, registering futures commission merchants and floor brokers, reviewing exchange rules and regulations; compiling, reviewing and releasing information on futures trading; auditing brokers' books and records to assure segregation of customers' funds; examining brokers' financial statements; analyzing and appraising futures trading, cash-futures relationships, deliverable supplies, and price movements; establishing and enforcing limits on speculative trading; and investigating and aiding in the prosecution of violations.

These functions are performed through a central organization in Washington and five field offices, located in the commodity markets at Chicago, Kansas City, Minneapolis, New Orleans, and New York. On November 30, 1951, the Commodity Exchange Authority had 117 employees, 37 of whom were stationed in Washington, D. C. and 80 in the field offices.

	Estimated, 1952	Budget Estimate, 1953
Appropriated funds	$662,000	$725,000

Salaries and Expenses

Appropriation Act, 1952	$650,000
Anticipated pay adjustment supplemental	12,000
Base for 1953	662,000
Budget Estimate, 1953	725,000
Increase	+63,000

SUMMARY OF INCREASES, 1953

To provide for enforcement of speculative limits	+27,400
Increase to meet, in part, pay adjustment costs pursuant to Public Law 201	+35,600

PROJECT STATEMENT

Project	1951	1952 (estimated)	Increase or Decrease (Pay adjustment costs)	Increase or Decrease Other	1953 (estimated)
1. Licensing	41,144	42,500	+1,000	- -	43,500
2. Supervision of futures trading	320,203	339,500	+23,100	+27,400(1)	390,000
3. Audits	127,887	132,500	+10,500	- -	143,000
4. Investigations	96,694	112,200	+6,300	- -	118,500
5. Establishment of speculative limits	33,205	35,300	-5,300	- -	30,000
Subtotal	619,133	662,000	+35,600(2)	+27,400	725,000
Unobligated balance	30,867	- -	- -	- -	- -
Total pay adjustment costs	[- -]	[49,100]	[+5,300]	[+2,400]	[56,800]
Total available or estimate	650,000	662,000	+35,600	+27,400	725,000
Anticipated pay adjustment supplemental	- -	-12,000			
Total appropriation or estimate	650,000	650,000			

INCREASES

(1) An increase of $27,400 under the project "Supervision of futures trading" to provide for enforcement of speculative trading and position limits to be established during 1952:

Need for enforcement of speculative limits: One of the most effective means of curbing excessive speculation causing violent and disastrous price fluctuations in agricultural commodities is through the enforcement of limits on speculative trading and positions in commodity futures. Limits are established according to need for control and availability of funds. During 1952 limits are to be established on cottonseed oil, soybean oil, and lard, commodities with respect to which the need is greatest at the present time.

Plan of Work: Establishment of speculative limits on cottonseed oil, soybean oil, and lard during fiscal 1952 will substantially increase the workload involved in the day-to-day enforcement of speculative limits. Daily reports on volume of trading and open contracts and weekly reports on stocks and purchase and sale commitments relating to these commodities must be compiled, summarized, and analyzed. Apparent improper classifications must be investigated. Constant surveillance must be maintained to insure that limits are not exceeded. Since traders occasionally operate in the names of relatives or associates or purely fictitious names, care must be exercised in reviewing the trading from day to day and evidences of such practices investigated and dealt with. Analysts intimately acquainted with futures trading in these commodities carry on this work.

(2) Increase of $35,600 to meet, in part, the pay adjustment costs pursuant to Public Law 201 which are being met within available funds in 1952.

STATUS OF PROGRAM

Objective and Functions: The purpose of the Commodity Exchange Act is to prevent price manipulation and corners and to insure fair practice and honest dealing on commodity exchanges. Enforcement of the act requires supervision over 18 commodity exchanges designated as "contract markets." Enforcement is a continuous process involving:

1. Market designation and broker registration: (a) Designation of commodity exchanges as contract markets; (b) annual registration of futures commission merchants and floor brokers; and (c) continuing review of exchange rules and regulations.

2. Supervision of futures trading: (a) Compilation, audit, tabulation and review of trade reports and current market analyses; (b) enforcement of speculative limits; (c) review of market news and letters; (d) maintenance of a quotation and ticker service; (e) analysis of cash commodity transactions; (f) cooperative activities with control committees of contract markets; (g) observance of floor trading; and (h) compilation and publication of market information.

3. Prevention of misuse of customers' funds: (a) Audit and examination of records of futures commission merchants and (b) analysis of brokers' financial statements.

4. Investigation and control of trade practices: (a) Investigation of complaints and alleged and apparent violations; (b) trade practice audits and surveys; (c) investigation of delivery practices; and (d) preparation and presentation of evidence of violations in administrative hearings and judicial proceedings.

5. Establishment of speculative limits: Fix such limits on speculative futures transactions and open contracts on contract markets as may be found necessary to diminish, eliminate or prevent sudden or unreasonable fluctuations in futures prices.

Recent Activities:

FUTURES TRADING

Estimated value of trading.- During the 1951 fiscal year futures trading was conducted in 20 commodities on 18 commodity exchanges which had been designated contract markets. The value of this trading was estimated at $47,143,639,000, an increase of 46 percent over the 1950 total of $32,351,445,000.

Volume of trading.- Greatly increased trading activity as well as wide price movements were recorded during 1951. Futures trading increased 50 percent or more in cotton, wool tops, eggs, oats, grain sorghums, cottonseed oil, soybean oil, soybean meal and flaxseed. Activity was greater in 17 of the 20 commodities under the act in which there was trading dur-

ing 1951. Futures trading in 5 commodities--cottonseed oil, soybean oil, soybean meal, eggs, and grain sorghums--was the largest on record. Futures trading in both wheat and corn recorded increases of about 11 percent.

Reports.- During the year 505,752 reports on the volume of futures trading and open positions were received, tabulated, summarized and analyzed. Of these reports 273,800 were from brokers concerning the daily volume of trading and open positions, while 231,952 were from large traders relating to their daily transactions and open positions. In addition a large number of reports are received relating to deliveries, cash transactions, stocks on hand and related data. Such information is essential background material in the enforcement of the act.

Analysis, review and interpretation of market information.- One use to which the detailed market information is put is that of providing factual and statistical background for all phases of administration of the act. Such information also serves as the basis for enforcement activities. In addition to the detailed information submitted by brokers, large traders, and others, special "calls" and surveys are made from time to time to determine the character of trading and open contracts in specific markets or commodities. The more important surveys made during the year are listed below:

Commodity	Market	Coverage	Period or date
Wheat	Chicago Board of Trade December future	Speculative and Hedge trading	July 21, 1950
Soybeans	Chicago Board of Trade November future	Speculative and Hedge trading	July 21, 1950
Cotton	New York Cotton Exchange December future	Speculative and Hedge trading	July 26, 1950
Wool tops	Wool Associates New York Cotton Exchange	Position & trading	July 31, Aug.28-30,1950
Cotton	New York Cotton Exchange Dec.,Mar.,May & July futures	Character of trading	Oct. 9-14, 1950
Cotton	New York Cotton Exchange	Position survey (percent hedging)	Nov. 30, 1950

Notices of delivery.- A total of 31,802 copies of delivery notices were submitted by clearing members during the year for all commodities, an increase of 44.5 percent over the 22,000 notices filed last year. The processing of the information contained in each individual notice, such as the grades delivered, the number of transfers, the issuer and stopper, is an important but time consuming part of the work and forms the basis of most of the information compiled by the CEA concerning the settlement of futures contracts by delivery.

Transactions in futures.- The total number of transactions (purchases and sales in terms of contract units) for all commodities amounted to 8,257,000, a 16.1 percent increase over the 7,115,000 transactions last year, and a 43.2 percent increase over the 10-year (1941-50) average of 5,766,000 transactions.

MARKETS AND BROKERS

Markets and commodities.- The number of contract markets designated under the Commodity Exchange Act remained unchanged at 18. The Minneapolis Grain Exchange was authorized to permit trading in one additional commodity--soybeans. The Chicago Board of Trade provided by its rules for a 100-bale cotton contract. Previously its contract was for 50 bales. Trading for future delivery was conducted in 20 commodities on contract markets, as follows:

Market	Regulated commodity
Chicago Board of Trade	Wheat, corn, oats, rye, soybeans, lard, cotton, soybean oil.
Chicago Mercantile Exchange	Butter, eggs, potatoes.
Chicago Open Board of Trade	Wheat, corn, oats, rye, soybeans.
Duluth Board of Trade	(No trading in 1950-51)
Kansas City Board of Trade	Wheat, corn, bran, shorts, grain sorghums.
Los Angeles Grain Exchange	(No trading in 1950-51)
Memphis Merchants Exchange Clearing Association	Cottonseed meal, soybean meal.
Milwaukee Grain Exchange	Wheat, corn, oats, rye.
Minneapolis Grain Exchange	Wheat, oats, rye, flaxseed, soybeans.
New Orleans Cotton Exchange	Cotton, cottonseed oil.
New York Cotton Exchange	Cotton.
New York Mercantile Exchange	Eggs, potatoes, rice, butter.
New York Produce Exchange	Cottonseed oil, soybean oil.
Portland Grain Exchange	(No trading in 1950-51)
St. Louis Merchants' Exchange	(No trading in 1950-51)
San Francisco Grain Exchange	(No trading in 1950-51)
Seattle Grain Exchange	Wheat.
Wool Associates of the New York Cotton Exchange	Wool tops.

Futures commission merchants and floor brokers.- The number of futures commission merchants registered during the year increased from 628 in 1950 to 629 in 1951, whereas the number of floor brokers decreased from 783 in 1950 to 780 in 1951. As of June 30, 1951, registered futures commission merchants maintained a total of 1,780 principal and branch offices compared with 1,752 in 1950; and also had agents in 236 offices other than their own engaged in soliciting or accepting orders for the purchase or sale of commodities for futures delivery compared with 226 in 1950. They were located in 47 States, the District of Columbia, Hawaii, Puerto Rico, and 15 foreign countries.

Registration fees.- Registration fees totaling $17,110 were collected from futures commission merchants and floor brokers. These fees were deposited as miscellaneous receipts in the United States Treasury.

Review of exchange rules and regulations.- Continuing scrutiny was given to the bylaws, rules, and regulations of all contract markets. All proposed revisions submitted to the Authority by contract markets pursuant to requirements were reviewed currently and necessary changes proposed to facilitate compliance with the law.

AUDITS

Segregation audits.- During 1951 fiscal year 641 segregation audits were made covering accounts of 25,787 customers with funds and credits on deposit with futures commission merchants of $145,603,000. Deviations from the act and regulations discovered were somewhat in excess of those discovered in the previous year. There were 408 deviations in 1951 compared with 355 in 1950.

Assistance in investigation.- During the year the accountants (who compose a large part of the field technical staff) assisted in twenty-two investigations. These ranged in extent from special investigations of a single operator whose transactions were under scrutiny to comprehensive surveys of trading during a specified period in wheat, soybeans, wool tops, and cotton futures.

COMPLIANCE INVESTIGATIONS

Alleged and apparent violations of the law are brought to the attention of the CEA either by complainants or through routine observance of market behavior, trade practice surveys, examination of the books and records of brokerage houses, or other investigational procedures.

Special trade practice survey.- One of the noteworthy investigations conducted during the year was a special study of all trading on the Kansas City Board of Trade during the period April 16 to April 30, 1951, a total of 13 trading days. This survey was made for the purpose of determining if trade practices in that market were in compliance with the law. Approximately 20,000 transactions were analyzed in detail. Deviations of various kinds were discovered in about 5 percent of the total. These included bucketing, matching of orders, cross trades, and accommodation trades. Remedial action is now under consideration.

Investigation of hedging in New York Cotton market.- A survey was made as of November 30, 1950 of all open contracts or market positions in New York cotton futures. This investigation required personal examination by accountants of the books and records of many individual cotton traders, most of them in the South. One of the objectives of the survey was to determine the nature of the positions held by the various traders on that date, i.e., whether speculative, straddling, or hedging. This survey revealed that a large number of speculators were improperly classified by their brokers as hedgers in order that their accounts could be carried by brokers without the deposit of margin funds required of speculators.

Complaints.- Four complaints were under investigation at the beginning of the year and twenty-seven complaints were received during the year. Of these, twenty-seven were disposed of, leaving 4 pending at the close of the year.

Criminal proceedings.- Because of an alleged error in trial procedure the Seventh Circuit Court of Appeals on November 15, 1950 reversed the verdict and sentence of the district court in the retrial of an alleged violator charged with violation of the Commodity Exchange Act. The case is now set for retrial at an early date.

Administrative hearings.- Four disciplinary proceedings cases were pending at the beginning of the fiscal year and one new case arose during the year. In one case the respondent applied to the Supreme Court for a writ of certiorari which was denied. In another case the respondent has appealed from the decision of the Judicial Officer to the circuit court of appeals. Two cases were disposed of by denial of trading privileges to respondents. In the remaining case hearings were completed and the matter was in the hands of the referee at the close of the year.

ESTABLISHMENT OF SPECULATIVE LIMITS

One of the principal accomplishments during recent months was the establishment of speculative limits on futures trading and open positions in soybean and egg futures effective October 1, 1951. Section 4a(1) of the act authorizes the Commodity Exchange Commission to fix limits both upon the amount of speculative trading that may be done by any person during any one business day and upon the amount of the speculative net position, long or short, that may be held by any person at any time. The law specifically exempts hedging transactions and positions.

Preliminary surveys were made of the daily reports submitted by persons holding or controlling large positions and of the effect of contemplated limits upon futures trading. Public hearings were then held in Washington, D. C. to consider the establishment of maximum limits. After these hearings were held the views expressed were carefully considered in the light of data relating to volume of trading, open contracts, supplies, effect upon hedging operations, etc. And on August 15, 1951 the Department announced limits set by the Commission on speculation in soybean and egg futures effective October 1, 1951.

Under the soybean order the maximum net long or net short speculative position which any person may hold or control is 1,000,000 bushels in any one soybean future or in all soybean futures combined on any one contract market. The Commission also fixed 1,000,000 bushels as the maximum amount of soybean futures which any person may buy or sell, speculatively, on any contract market during one business day. The egg order requires that beginning October 1, 1951 the maximum net long or short speculative position which any person may hold or control on one contract market is 150 carlots in any one egg future or in all egg futures combined, provided that no person may hold or control a net long or net short speculative position in excess of (1) 100 carlots in the October egg future, (2) 75 carlots in the November egg future, (3) 50 carlots in the December egg future, and (4) 50 carlots in the January egg future. These limits were also established as the maximum amount of egg futures which any person may buy or sell, speculatively, on any contract market during one business day.

MAJOR ACTIVITIES OF THE COMMODITY EXCHANGE AUTHORITY

	Actual		Estimated	
	1950	1951	1952	1953
I. Licensing:				
Futures commission merchants registered	628	629	650	650
Floor brokers registered	783	780	800	800
II. Supervision:				
Markets and commodities:				
Exchanges	18	18	18	18
Commodities	19	20	20	20
Markets (6 wheat markets, 3 cotton markets, etc.)	40	43	45	45
Reports tabulated and analyzed:				
Daily trading volume and open contracts	254,615	273,800	300,000	300,000
Daily and weekly reports on large traders	196,609	231,952	300,000	300,000
Delivery notices	21,660	31,802	25,000	25,000
Special calls and surveys	5	8	12	12
Accounts covered	7,766	8,000	12,000	12,000
General activities, including observance of trading exchange relations, enforcement of speculative limits, price compilations, quotations service, and review of market letters	x	x	x	x
III. Audits:				
Segregation audits	695	641	700	700
Accounts examined	25,768	25,787	26,000	26,000
Financial statements examined	630	628	650	650
IV. Investigations:				
Compliance investigations completed	30	27	30	30
Trade practice surveys completed	4	1	2	2
Number of transactions examined	20,930	20,870	40,000	40,000
Criminal prosecutions	1	1	2	2
Administrative proceedings	3	5	4	4
V. Establishment of speculative limits:				
Hearings completed (Number of commodities)	-	2	3	3

x - No measure of work load available

FEDERAL CROP INSURANCE CORPORATION

Purpose Statement

The Federal Crop Insurance Corporation was created February 16, 1938, to furnish protection for the farmer's investment in producing crops against loss from unavoidable causes (7 U.S.C. 1501-1519). Production investment insurance is a sound business policy designed to enable the producer to continue his contribution to the Nation's production plant. All-risk crop insurance provides investment protection to farmers who lose their crop for reasons beyond their control and who might, as a result of such losses, be forced out of farm production. When a loss from weather (flood drought, hair, windstorm), disease or insects does occur, the insured farmer recovers his investment in the crop and thus is enabled to continue his efforts to produce the nation's food and fiber.

To provide investment protection to as many farmers as possible within the county limitations of the Crop Insurance Act, the 1952 program is being offered in 877 counties on wheat, cotton, flax, corn, tobacco, beans, citrus, and multiple crops. It is estimated that 486,800 farmers will be insured, an increase of about 142,000 over 1951. The proposed 1953 crop insurance program provides for adding 60 counties, making a total of 937. Participation in the crop year 1953 is estimated at 548,900 contracts, or a net increase of 62,100 over 1952. This proposal is a step towards achieving the overall operating objective to conduct all insurance programs on a gradual expansion basis to develop the experience necessary to establish successful national programs.

Summary of Insurance Operations and Changes in Capital

	Fiscal Years		
	1951	1952	1953
Net capital at beginning of year	$29,115,626	$30,700,254	$30,089,399
Additions to capital during the year:			
Insurance premiums (net)	14,106,497	19,270,800	26,896,100
Interest and other income	189,418	150,000	150,000
Total capital available for insurance operations during year	43,411,541	50,121,054	57,135,499
Deductions from capital during year:			
Insurance indemnities	12,646,727	19,934,400	24,206,500
Adjustment for prior crop years ...	-7,040	- -	- -
Provision for estimated bad debts .	71,600	97,255	134,500
Total deductions from capital ...	12,711,287	20,031,655	24,341,000
Net capital at end of year	$30,700,254	$30,089,399	$32,794,499

The crop insurance programs are developed and analyzed mainly in the headquarters office and are administered in the field through 32 state offices and through cooperative agreements with the Production and Marketing Administration. Program accounting and contract servicing functions are performed by the Branch Office in Chicago. As of November 30, 1951, the Corporation employed 530 full-time employees, 126 of whom were in Washington and the balance in the field; and 576 part-time employees, of whom 3 were in Washington and the balance in the field. The 3 Washington part-time employees include the two Board Members who are not otherwise employed by the Government.

	Appropriated, 1952	Budget Estimate, 1953
Appropriated funds (Operating expense)	$7,949,911	$9,100,000

Operating and Administrative Expenses

Appropriation Act, 1952	$7,949,911
Budget Estimate, 1953	9,100,000
Increase, 1953	+1,150,089

SUMMARY OF INCREASES AND DECREASES, 1953

For servicing, collecting premiums, inspecting growing crops and adjusting losses on the 142,300 contract increase in crop year 1952	+801,189
For developmental, introductory, sales, and service costs to add 60 counties and an estimated 24,400 contracts to the program in 1953	+222,800
For increase in rates in PMA servicing costs in 1953	+126,100

PROJECT STATEMENT

Project	1951	1952 (estimated)	Increases (+) or Decreases (-)				1953 (estimated)
			Current Program	Expansion to 60 new counties	Increase in rates in PMA servicing costs	Total	
1. Insurance and actuarial structure	$763,984	$939,161	-$7,361	+$27,900	- -	+$20,539(1)	$959,700
2. Contract sales and servicing	2,218,488	3,014,950	+253,890	+97,300	+101,760	+452,950(2)	3,467,900
3. Commissions	448,495	987,200	-349,600	+97,600	- -	-252,000(3)	735,200
4. Premium collections	551,667	856,900	+129,360	- -	+24,340	+153,700(4)	1,010,600
5. Crop inspections and loss adjustments	1,672,262	2,151,700	+774,900	- -	- -	+774,900(5)	2,926,600
Unobligated balance	1,440,729	- -	- -	- -	- -	- -	- -
Total pay adjustment costs	[- -]	[342,346]	[+56,254]	[+4,200]		[+60,454]	[402,800]
Total available or estimate	7,095,625	7,949,911	+801,189	+222,800	+126,100(6)	+1,150,089	9,100,000
Transfer in 1952 estimates to "Operating expenses, General Services Administration"	+375	- -					
Reduction pursuant to Section 1214	+108,000	- -					
Total appropriation or estimate	7,204,000	7,949,911					

INCREASES OR DECREASES

General

Insurance to protect investment in production is a soundly established business principle. Insurance recovery of investment losses from damages such as fire and flood enables the manufacturer to rebuild and continue his contribution to the Nation's production plant. The floods that did such extensive damage in the Midwest, the drought conditions in several of the major winter wheat areas which destroyed many wheat crops and the freeze damage in many corn counties dramatizes the need for crop investment protection and its value in maintaining the farmer's contribution to production capacity when crop disasters strike. These are the more dramatic examples of destruction that wiped out the money spent by farmers in an effort to produce the nation's food and fiber. Even in the best production years many farmers in every state lose their crop investments due to weather, disease and insect risks beyond their control.

All-risk crop investment insurance strengthens the nation's farm production plant by providing security for the farmers who are hurt the most - those who lose their crops through no fault of their own. The effect of crop disasters on total farm production is clearly recognized in the form of food and fiber shortages that result. Its effect on our production capacity is not so well recognized. Loss of money spent to produce crops seriously curtails the ability of many farmers to maintain or expand their production and two years of poor crops would force many of them entirely out of the farm production picture.

Wherever crop investment insurance is available, farmers can respond to the ever increasing production goals that they are being asked to meet with the assurance that their additional investments in high production costs would not be lost through crop disasters over which they have no control. To meet the nation's production needs farmers must increase their production risks by extending their production areas and by using additional capital which in many cases can only be acquired through credit. Crop investment insurance provides security to both the farmer and the creditor who are responding to the increased production demands. Crop year 1953 operations in the current 877 counties will provide insurance protection of approximately $518,206,000 in crop investments for an estimated 524,500 farmers. It is proposed to expand the insurance program in crop year 1953 to 60 additional counties making a total of 937. An estimated 24,400 farmers in those 60 counties will be able to secure crop investment protection amounting to about $24,107,000. This gives a total of $542,313,000 investment protection to 548,900 farmers.

The net increase of $1,150,089 for the crop insurance program for fiscal year 1953 is composed of the following:

(1) Net increase of $20,539 under the project "Insurance and actuarial structure" composed of: (a) a reduction of $7,361 in county survey and program development and rate structure work in connection with the current counties; and (b) an increase of $27,900 in actuarial work for 60 new counties.

Development of Program and Actuarial Structure is a Continuous Process: County advisory groups, farmers, and businessmen are contacted to ascertain the type of insurance program desired and to discuss the benefits resulting to the economy of the County. Program and actuarial work do not end with the formulation and installation of a county insurance program. A vital phase of the insurance operation then begins. This phase covers a continuous review of operating results to develop statistics and program data. This activity is especially important to all-risk crop insurance since the reviews, analyses, and studies of actuarial and operating data form the bases for the development and achievement of the long range goal of crop insurance--- a sound national insurance program protecting the crop investment of all farmers.

Survey Work on a Contractual Basis: Much of the work in connection with the development of an actuarial structure is of a contractual nature to furnish (1) county surveys that will enable the Corporation to establish rates and coverages commensurate with the risk involved and (2) adequate cost of production and farming practice data in order to avoid offering insurance coverage in excess of the farmer's investment in the crop.

The contracts for county survey work are made with the PMA County Committees. These contracts call for a complete review of all the land in the county to classify the areas according to productivity and the production risks involved. The area classifications worked out, including uninsurable lands, are then diagramed on actuarial maps which are used in setting coverages, premium rates, and later, in making sales. In addition to the land study and mapping, the contract provides that the Corporation will be furnished a list of producers considered ineligible for insurance because they use unacceptable farming practices or are bad credit risks. Such surveys are made for all new counties coming into the program to replace counties dropping out and periodic reworking of assembled data on counties already in the program. The cost of these contracts vary by commodity and geographical size of county but average about $250. Survey and reworking will be performed for about 200 of the present 877 counties and the 60 new counties in 1953 and represents a reduction of 140 from the 400 counties being surveyed in 1952.

The Corporation must have continuing information on changes in production costs and farming practices in each county in order to reflect the proper insurance liability in its coverages and premium rates. Contracts for this information are made with other governmental agencies. A lump-sum contract is negotiated for the continuing data for the 877 current counties and is estimated at $128,500 for 1953. It is estimated that this service costs about $215 for each new county coming into the program. The 60 new counties will cost $12,900 making the total contract cost $141,400.

In addition, the Corporation maintains a field underwriting staff to supervise county underwriting activities. There are eight underwriting areas supervised by one or two actuaries depending upon the number of insurance counties and commodities in each area.

The estimated workload and cost are as follows:

Insurance and Actuarial Structure

Activity	Average Cost	Fiscal Year 1952		Fiscal Year 1953		Increase (+) or Decrease (-)	
		No. Cos.	Cost	No. Cos.	Cost	Current Program	Expansion
1. County survey work ...	$250	400	$100,000	260	$65,000	-50,000	+$15,000
2. Cost of production and farming practice data	Lump sum	877	128,500	937	141,400	- -	+12,900
3. Program development and rate structure ..	- -	877	710,661	937	753,300	+42,639	- -
Total Cost ...			939,161		959,700	-7,361	+27,900

(2) Increase of $452,950 under the project "Contract sales and servicing" composed of: (a) an increase of $253,890 to service the 142,300 contract increase in crop year 1952; (b) an increase of $97,300 to conduct sales campaigns and process applications and acreage reports in 60 new counties; and (c) an increase of $101,760 for increased rates in PMA servicing costs (see page 17).

Adequate Servicing Encourages Participation: Continued and increasing participation is essential to the building of a satisfactory county insurance program. This can best be achieved by adequately servicing the insurance contracts in force. Servicing involves explaining the insurance program to farmers, effectively answering their inquiries, processing applications, and collecting acreage reports. Without proper servicing, the insureds tend to become discouraged and drop out of the program.

PMA County Committee Personnel Perform Local Sales and Service Work: Sales plans are developed and directed by the Washington and state offices. The program at the county level is conducted by the County Committees on a contractual basis. PMA County Committee personnel conduct the sales campaigns, and transmit applications to the Corporation's state offices. The collection of acreage reports and general servicing of contracts are performed by the PMA County Committees. A servicing fee is paid the Committee for each contract in force. No fee is paid the first year of the contract since commissions cover service costs for that year.

State and Branch Offices Service Contracts: Applications forwarded by the County offices are either accepted or rejected by the State Director. If accepted, policies are issued and the applications are forwarded to the Branch Office where premium and indemnity accounts and

statistical data are maintained. State and Branch Office servicing functions will be performed for 183,800 new contract holders in fiscal year 1953 (replacements of cancellations plus general increase in participation). Total policies to be serviced are 548,900 which is 62,100 more than the number serviced in 1952.

Expansion Increases Sales Activities: The expansion contemplated in this budget necessitates intensive educational and sales development activities not only to increase participation in the existing counties but also to initiate the program in 60 new counties. In addition to sales activity, applications must be processed, acreage reports collected, and the contracts generally serviced.

The estimated cost and workload are as follows:

Contract Sales and Servicing

Item	Unit Cost	Fiscal Year 1952		Fiscal Year 1953		Increase (+) or Decrease (-)	
		Number	Cost	Number	Cost	Current Program	Expansion
1. Contractual Costs:							
A. PMA State and D. C. compensation:							
a. D. C. ...	Lump-Sum	- -	$30,000	- -	$35,000	+$5,000	- -
b. States in program ...	$500.00	43	21,500	43	21,500	- -	- -
c. Counties in program	400.00	877	350,800	937	374,800	- -	+$24,000
d. Pay cost adjustment		- -	- -	- -	32,000	+30,360	+1,640
Total ..			402,300		463,300	+35,360	+25,640
B. PMA County Office compensation:							
a. Flat rate per county	350.00	877	306,950	937	327,950	- -	+21,000
b. Service rate on contracts in force	1.00	345,000	345,000	486,800	486,800	+141,800	- -
c. Applications processed .	.25	246,800	61,700	183,800	45,950	-21,850	+6,100
d. Acreage reports ..	1.00	486,800	486,800	548,900	548,900	+37,700	+24,400
Total ..			1,200,450		1,409,600	+157,650	+51,500
Total contractual costs ..			1,602,750		1,872,900	+193,010	+77,140

(Continued on next page)

Item	Unit Cost	Fiscal Year 1952: Number	Fiscal Year 1952: Cost	Fiscal Year 1953: Number	Fiscal Year 1953: Cost	Increase (+) or Decrease (-): Current Program	Increase (+) or Decrease (-): Expansion
2. Sales Program Development and Contract Servicing Cost			1,412,200		1,493,240	+60,880	+20,160
Sub-total ...			3,014,950		3,366,140	+253,890	+97,300
3. Increased rates in PMA servicing costs			- -		101,760	+97,560	+4,200
Total			3,014,950		3,467,900	+351,450	+101,500

(3) A net decrease of $252,000 under the project "Commissions" composed of (a) decrease of $349,600 in the current counties due to the selling of continuous contracts in previous crop years and (b) an increase of $97,600 to sell 24,400 contracts in the 60 new counties in crop year 1953.

Number of Contracts in Force Increases: A continuous type contract is one that once sold remains in force year after year without the necessity of resale. The use of this type of contract provides better continuity of participation and aids in increasing the participation level. Even though the Corporation is selling continuous type contracts, approximately 30 percent are cancelled each year either by the farmer, or by the Corporation because of non-payment of premiums or failure to conform to prescribed farming practices. During fiscal years 1952 and 1953 the Corporation will try to create a better understanding of insurance on the part of those farmers wishing to cancel. Also, more effort will be put forth by PMA County offices to collect premiums on time. By means of these two activities it is anticipated the cancellation rate will be reduced to 25 per cent in 1953. These cancellations must be offset by additional sales if an adequate participation level is to be maintained. This means that of the 486,800 contracts in force in 1952, approximately 121,700 will be cancelled and will be replaced by new policyholders in 1953.

In addition, the Corporation desires to improve its insurance base and operations by including in the program as large a majority of the eligible farmers as possible. Participation levels now vary from 15 to 36 per cent. By selling continuous contracts, the Corporation is able to spend more effort in explaining and selling the program to non-participating farmers and thus increase the county participation levels. The 486,800 contracts in crop year 1952 represent about 27 per cent of the potential eligible farmers in the 877 counties of the current program. The over-all level of participation will be raised to about 29 per cent in 1953 by selling 37,700 new contracts in the current counties.

The cancellation and participation rates for crop year 1952 are as follows:

CANCELLATION RATE

Commodity	Producer	Corporation	Total	Participation Rate
Beans	12	5	17	30
Corn	20	1	21	15
Cotton	19	30	49	21
Flax	8	11	19	36
Multiple Crop	15	15	30	17
Tobacco	19	21	40	36
Wheat	10	4	14	22
All Commodities	15	15	30	23

It is proposed to expand the program to 60 new counties in 1953 and it is estimated that 24,400 contracts will be sold in those counties.

Agents Work on a Commission Basis: Sales agents are employed by the PMA County Committees and are paid on a commission basis. Commission costs, consist of a $1.50 flat rate plus approximately 3 per cent of the premium. These rates vary by county with the average cost being approximately $4.00. Since the amount of the premium depends upon the acreage planted it cannot be determined accurately at the time of the sale but must wait until the filing of the acreage report. Commissions are paid after the application has been accepted, therefor, county average commission rates are based on the previous crop year premium income.

Insurance contract sales and statistics by commodity for crop years 1952 and 1953 are as follows:

Sales Summary by Commodity

Crop Year 1952

Commodity	Contracts in Force 1951	Carry-over From 1951	Crop Year 1952 Sales: Replacement of Cancellations	Crop Year 1952 Sales: Increase in Participation	Total	Contracts in Force 1952	Number of Counties
Beans	9,465	7,870	1,600	1,730	3,330	11,200	30
Citrus	290	200	90	50	140	340	1
Corn	37,598	28,600	9,000	17,700	26,700	55,300	100
Cotton	57,952	29,550	28,400	22,750	51,150	80,700	100
Flax	19,805	15,850	4,100	1,850	5,950	21,800	59
Multiple	36,217	23,350	12,900	29,550	42,450	65,800	125
Tobacco	76,448	45,880	30,600	37,980	68,580	114,460	69
Wheat	106,739	88,700	17,900	30,600	48,500	137,200	393
Total	344,514	240,000	104,590	142,210	246,800	486,800	877

Sales Summary by Commodity

Crop Year 1953

Commodity	Carryover from 1952	Crop Year 1953 Sales: Replacement of Cancellations	Increase in Participation	Sales in 60 new Counties	Total	Contracts in Force 1953	Number of Counties
Beans	9,300	1,900	620	- -	2,520	11,820	30
Citrus	260	80	40	300	420	680	2
Corn	45,350	9,950	4,030	3,000	16,980	62,330	110
Cotton	43,460	37,240	5,570	4,000	46,810	90,270	110
Flax	17,660	4,140	1,680	- -	5,820	23,480	59
Multiple	49,350	16,450	5,080	7,600	29,130	78,480	144
Tobacco	78,980	35,480	9,450	7,500	52,430	131,410	79
Wheat	120,740	16,460	11,230	2,000	29,690	150,430	403
Total	365,100	121,700	37,700	24,400	183,800	548,900	937

(4) Increase of $153,700 under the project "Premium Collections" composed of: (a) an increase of $129,360 to collect a $7,728,400 increase in premiums in crop year 1952; and (b) an increase of $24,340 for increased rates in PMA servicing costs (see page 17.)

Larger Volume of Premiums to Collect: The premiums on contracts in force for crop year 1952 will be collected in fiscal year 1953. The expansion of the program in 1952 is estimated to increase the premium collection workload from 344,500 collections in 1952 to 486,800 in 1953. This represents an increase of $7,728,400 in premium income. The 1952 crop year premiums are estimated at $27,260,800 compared to $19,532,400 in 1951.

County Offices and Collectors Receive Premiums: The Corporation contracts with the County Committees to collect premiums on a sliding scale basis. This scale ranges from 50 cents per premium if less than 80 per cent of total premiums are collected to $1.00 per premium if over 98 per cent are collected. Past experience has shown that not all Committees earn the maximum rate because many of them do not collect the required percentage. Collection contracts terminate on April 30 of each year. After that date, the Corporation sends out collectors and, in some cases, must resort to legal action. Because of the additional expense involved in collecting accounts after April 30, the Corporation estimates that on the average direct collections cost $1.00 per account.

Collection of 42,500 Prior Crop Year Accounts: Exertion of maximum effort does not result in complete collection of premium accounts by June 30. Past experience has shown about 95 per cent collection by June 30 with the major part of the balance being collected in the next fiscal year. It is anticipated that with better understanding of the insurance program, more use of the cash discount provision for early payment of premiums, and more prompt action to collect premiums at

harvest will increase the collection rate to 98 per cent in 1952 and 1953. Nevertheless, special collectors and legal action will have to be used in collecting the 42,500 prior crop year accounts that it is estimated will be outstanding on June 30, 1952. This reflects an estimated reduction of 24,000 in the number of outstanding accounts on June 30, 1951. The smaller number of accounts to collect is reflected in the $57,060 reduction in prior year collection costs projected for 1953.

Field Offices Process and Account for Collections: The Branch Office in Chicago prepares premium notices based on the acreage reports submitted by the insured. After the premiums are collected, they are transmitted to the Branch Office for deposit and credit to the insured's account. Statements of account are prepared periodically and sent to the state office for collection of the account. The Branch Office also furnishes certified copies of documents required by the Department of Justice in court actions. The estimated workload and cost are as follows:

Premium Collections

Servicing Item	Fiscal Year 1952			Fiscal Year 1953			Increase (+) or Decrease (-)
	Number of Accounts	Average Cost	Total Cost	Number of Accounts	Average Cost	Total Cost	
Direct Collection Costs							
1. Contractual cost, current year	344,500	$1.00	$345,000	486,800	$1.00	$486,800	+$141,800
2. Increase in rates in PMA servicing costs contract rate	--	--	--	486,800	.05	24,340	+24,340
3. Prior crop year collections	66,529	2.39	158,800	42,570	2.39	101,740	-57,060
Total direct cost	411,029	1.22	503,800	529,370	1.16	612,880	+109,080
State, Branch, and Headquarters Servicing Costs	411,029	.86	353,100	529,370	.75	397,720	+44,620
Total costs ..	411,029	2.08	856,900	529,370	1.91	1,010,600	+153,700

Note: The decrease in non-direct unit servicing costs results from the fact that the increase in workload does not require a corresponding increase in cost. Only clerical personnel are added; number of supervisors and some fixed costs remain virtually unchanged.

(5) Increase of $774,900 in the project "Crop inspections and loss adjustments" to service a 142,300 increase in contract workload.

Increased Inspection and Loss Adjustment Services Required by Larger Volume of Contracts: The Corporation performs crop inspection and loss adjustment services for most contracts in force. These services for the contracts in force in crop year 1952 will be performed in the main in the 1953 fiscal year. The 1953 workload is estimated to be 486,800, an increase of 142,300 over 1952.

Crop Insurance Agents Perform Local Work: Crop inspection and loss adjustment activities are performed by loss adjustment personnel employed by the Corporation on a WAE basis. In addition to the final adjustment of actual losses, these activities cover early losses which require inspection by an agent even though it often develops after harvest that production is sufficient to make payment of an indemnity unnecessary. In other cases loss claims submitted by farmers do not develop into insured losses under the contract after a check by an agent. The Corporation also requires inspection of growing crops to check conformance with approved farming practices.

Claims Involve Much Service Work: Loss claim and inspection reports are submitted to the state director by the loss adjuster. After a thorough review of the claim, the director either approves or rejects the claim or requests additional information. This may involve considerable personal contact or letter writing. Approved claims are sent to the Branch Office where they are checked against the contract provisions and, if found in order, are paid.

Occasionally fraudulent claims are paid which require more work in securing refunds. Sometimes legal action is necessary. Also there are problem cases which are forwarded to the Washington office for settlement. The Washington office also makes spot checks of loss adjustments, conducts special investigations, and handles cases involving litigation.

The estimated workload and cost are as follows:

Crop Inspections and Loss Adjustments

Servicing Item	Fiscal Year 1952			Fiscal Year 1953			Increase (+) or Decrease (-)
	Number of Contracts	Average Cost	Total Cost	Number of Contracts	Average Cost	Total Cost	
Direct inspection and loss work	344,500	$3.46	$1,193,700	486,800	$3.46	$1,684,300	+$490,600
State, Branch, and Headquarters servicing case work	344,500	2.78	958,000	486,800	2.55	1,242,300	+284,300
Total cost	344,500	6.24	2,151,700	486,800	6.01	2,926,600	+774,900

Note: The inspection and loss work costs are the direct costs of agents performing this work. Cost of training, supervising, and spot checking agents is included in servicing activities. Total direct costs move proportionately with the workload while the servicing costs do not, additional volume being handled without a proportionate increase in supervisory help.

(6) The estimate includes $126,100 under projects 2 and 4 for increased rates in the cost of servicing under the agreement with the Production and Marketing Administration.

This is occasioned by an increase of 14% in salaries of employees of the PMA County Committees who perform the work at the county level as previously indicated under projects 2 and 4. A detailed explanation for this increase is shown in the justifications for the appropriation "Conservation and Use of Agricultural Land Resources".

STATUS OF PROGRAM

Program Changes Provide More Stability: Two major program changes, in addition to minor administrative changes, are being made in crop year 1952 to provide more stability to insurance operations.

1. Only one type of insurance contract is now available. This contract, which the Corporation calls crop investment insurance, combines the best features of two former types of contracts, namely commodity and monetary. The commodity contract was developed under the old insurance program and guaranteed production in bushels or pounds of the commodity. It was designed to protect the farmer's total investment in crop production including such items as depreciation and allowance for family labor. The premiums required for such coverage were higher than farmers in some of the higher risk areas could afford as an annual increase in their operating costs. Experience showed that their need was one of a lower coverage with a lower premium.

 When the new insurance program was instituted in crop year 1948, a new type of contract called monetary insurance was offered on an experimental basis in some counties. This contract guaranteed an amount in dollars and carried a lower premium and lover coverage which afforded protection of out-of-pocket costs only. Since the levels of coverage, pricing, stages of insurance protection, and a few other provisions were different in commodity and monetary insurance, separate forms and policies were required for each type. Another costly administrative problem was involved when a county desired to shift from one type of insurance to the other - new forms had to be signed, new policies issued, and records changed.

 Although premiums and indemnities for commodity insurance were stated in bushels or pounds, the dollar equivalent was used in premium billings and indemnity payments on both types of policies. Thus the actual effect was two different policies affording monetary investment insurance at different levels of coverage. To avoid the cost and administrative problems of separate forms and program shifting, the Corporation is now changing to only one type of insurance contract termed crop investment insurance. The working arrangement or level of coverage does not change from past operations. Legally, the level of coverage cannot exceed the cost of producing a crop in an area. Any level below that which reflects the most practical coverage and premium cost for the county can be adopted. Rates and coverages can easily be adjusted as warranted without having to use new forms, issue new policies, and change records.

2. New Share Cropper Plan For Cotton Insurance: The Corporation requires sharecroppers to either make advance payment of premiums or secure co-signers to guarantee payment of the premiums. Since most sharecroppers are unable to make farming arrangements until immediately prior to the planting season it is extremely difficult for them to obtain a co-signer. This has necessitated a high rate of cancellation by the Corporation, approximately 25 percent of such contracts. To overcome much of the costly administrative burden involved in cancellation and resale, the Corporation is undertaking a new sharecropper plan for cotton insurance in crop year 1952. This plan provides that the landlord will sign insurance applications for himself and all sharecroppers that may be farming for him.

 Several benefits are expected from the new plan:

 (1) The only contact will be with the landlord for applications, acreage reports, loss adjustments and collection of premiums as compared with contacts with each sharecropper in the past. Losses, however, would continue to be settled on an individual interest basis.

 (2) Cancellations will be reduced materially since the landlord guarantees premium payments regardless of who eventually farms for him.

 (3) The element of selectivity on any one farming operation will be avoided. Instead of the landlord co-signing only for the more risky sharecroppers, as has been done in many cases, he must insure all sharecroppers. This will undoubtedly save capital funds by improving the cotton loss ratio.

 (4) A savings in administration - both time and cost.

 The plan provides that in cases where a landlord does not want insurance but an individual sharecropper does, he may secure it by identifying the land he will farm and, after approval of the land by the Corporation, obtain a co-signer or make advance payment of premium.

Premium Collection Program Progress: For the convenience of the farmer, the insurance act provides for payment of premiums after harvest. This creates some problems of administration because the premium comes due after the risk has passed. Premiums are collected by the PMA County Associations up through April 30 for the preceding crop year. After that date special collectors are used and in many cases legal action through the Solicitor's Office of the Department and the Department of Justice is necessary. The collection of past due accounts is progressing satisfactorily and $1,178,656, or 33 percent of the balance

due June 30, 1950, was received during fiscal year 1951. The June 30, 1951 status of all crop years balances is as follows:

Outstanding Accounts

Crop Year	Number	Amount /1	Percent of Premiums Uncollected/1
1942	1,298	$ 44,906	.3
1943	3,063	119,406	.7
1945	3,456	110,592	1.2
1946	5,528	422,526	1.3
1947	20,145	1,530,884	3.8
1948	4,368	232,896	1.8
1949	6,071	238,005	2.1
1950	22,600	702,730	4.9

/1 Does not reflect $268,625 collections unapplied on June 30.

Farm Classification Reduces Insurance Risk: Beginning with crop year 1949 the Corporation adopted a policy of declaring as uninsurable certain lands and farmers using unacceptable farming practices. This was done to remove the unreasonable risks and improve the stability of the insurance program.

A summary of this activity follows:

SUMMARY OF UNINSURABLE ACRES AND INELIGIBLE PRODUCERS

Crop Years 1949-51 Inclusive

Commodity by Year	Number of Counties/a	Total Acres	Uninsurable Acres	Percent Uninsurable	Ineligible Producers
BEANS					
1951	29	3,830,505	173,760	4.5	83
1950	18	3,113,661	143,924	4.6	89
1949	9	1,859,001	44,400	2.4	55
CITRUS					
1951	1	99,500	3,500	3.5	-
CORN					
1951	98	27,771,055	1,001,643	3.6	487
1950	72	24,624,714	970,920	3.9	337
1949	46	15,817,854	841,920	5.3	314
COTTON					
1951	111	7,060,864	361,896	5.1	5,665
1950	80	5,370,504	310,370	5.8	3,093
1949	54	3,792,580	278,007	7.3	1,310
FLAX					
1951	70	4,178,803	47,068	1.1	1,085
1950	63	3,706,688	47,379	1.3	989
1949	48	3,175,235	39,170	1.2	1,005
MULTIPLE CROP					
1951	95	22,015,738	633,790	2.9	1,050
1950	55	12,081,556	465,852	3.9	841
1949	7	1,985,286	50,668	2.6	142
TOBACCO					
1951	69	828,594	19,717	2.4	5,198
1950	52	734,188	18,038	2.5	4,137
1949	35	604,328	12,217	2.0	1,848
WHEAT					
1951	360	48,243,936	1,556,666	3.2	3,212
1950	283	34,779,979	851,558	2.4	2,960
1949	205	23,517,461	596,859	2.5	2,347
ALL COMMODITIES					
1951	833	113,938,995	3,798,040	3.3	16,780
1950	623	84,411,290	2,808,059	3.3	12,446
1949	404	50,751,745	1,863,241	3.7	7,021

/a The data in this table relate to all counties in which surveys were made to determine uninsurable acreages and ineligible producers. Because some of the new counties surveyed did not qualify and for other reasons, the number of counties shown here differs from the number of counties in which the crop insurance program was in actual operation as shown below under Program Operating Statistics.

Program Operating Statistics; There follows statistical data by commodities for the first four crop years under the new experimental program authorized by P. L. 268, 81st Congress, approved August 25, 1949. The data on the 1951 crop year is on an estimated basis.

Item	Crop Year 1948	1949	1950	1951
Beans				
Number of states	4	6	8	8
Number of counties	4	9	18	28
Number of contracts	1,444	2,909	5,137	9,465
Percentage of eligible farmers insured	26	29	20	31
Number of indemnities	76	323	1,071	1,533
Premiums	$32,396	$95,029	$104,215	$206,400
Indemnities	$9,338	$61,152	$188,586	$632,200
Surplus or deficit (-)	$23,058	$33,877	-$84,371	-$425,800
Loss ratio	.29	.64	1.81	3.06
Citrus				
Number of states				1
Number of counties				1
Number of contracts				290
Percentage of eligible farmers insured				17
Premiums	(No program until 1951)			$81,500
Indemnities				$36,700
Surplus or deficit (-)				$44,800
Loss ratio				.45
Corn				
Number of states	13	13	14	14
Number of counties	36	44	73	97
Number of contracts	14,115	19,607	32,388	37,598
Percentage of eligible farmers insured	20	19	17	15
Number of indemnities	310	548	3,994	7,453
Premiums	$435,236	$586,769	$741,061	$1,122,000
Indemnities	$74,398	$95,069	$908,729	$2,107,500
Surplus or deficit (-)	$360,838	$491,700	-$167,668	-$985,500
Loss ratio	.17	.16	1.23	1.88
Cotton				
Number of states	14	13	12	12
Number of counties	53	52	80	100
Number of contracts	19,479	26,667	64,265	57,952
Percentage of eligible farmers insured	13	16	29	20
Number of indemnities	2,620	9,524	31,165	8,166
Premiums	$1,410,597	$1,580,702	$1,840,665	$2,750,400
Indemnities	$605,025	$3,117,382	$5,129,579	$1,877,600
Surplus or deficit (-)	$805,572	-$1,536,680	-$3,288,914	$872,800
Loss ratio	.43	1.97	2.79	.68

Item	Crop Year 1948	1949	1950	1951
		Flax		
Number of states	6	6	5	4
Number of counties	48	48	58	59
Number of contracts	16,782	19,267	20,860	19,805
Percentage of eligible farmers insured	35	40	34	35
Number of indemnities ...	1,932	2,599	1,473	1,772
Premiums	$1,546,742	$882,961	$497,270	$474,900
Indemnities	$795,096	$543,009	$205,257	$208,500
Surplus or deficit (-) ..	$751,646	$339,952	$292,013	$266,400
Loss ratio	.51	.61	.41	.44
		Multiple Crops		
Number of states	2	5	27	32
Number of counties	2	7	55	95
Number of contracts	714	2,722	27,732	36,217
Percentage of eligible farmers insured	16	19	22	17
Number of indemnities ...	11	110	4,050	5,675
Premiums	$23,766	$136,585	$1,268,906	$2,017,700
Indemnities	$1,387	$22,099	$1,173,418	$2,583,800
Surplus or deficit (-) ..	$22,379	$114,486	$95,488	-$566,100
Loss ratio	.06	.16	.92	1.28
		Tobacco		
Number of states	12	12	12	12
Number of counties	32	35	52	69
Number of contracts	31,605	35,023	71,963	76,448
Percentage of eligible farmers insured	35	29	46	35
Number of indemnities ...	1,929	3,641	7,508	5,229
Premiums	$655,459	$740,664	$1,463,636	$1,598,300
Indemnities	$284,657	$489,118	$850,388	$699,100
Surplus or deficit (-) ..	$370,802	$251,546	$613,248	$899,200
Loss ratio	.43	.66	.58	.44
		Wheat		
Number of states	24	24	24	24
Number of counties	200	199	283	352
Number of contracts	84,990	58,881	84,912	106,739
Percentage of eligible farmers insured	37	21	21	22
Number of indemnities ...	10,040	17,834	12,314	27,486
Premiums	$8,580,641	$7,714,437	$8,403,597	$11,281,200
Indemnities	$5,009,638	$11,209,409	$4,292,751	$11,789,000
Surplus or deficit (-) ..	$3,571,003	-$3,494,972	$4,110,846	-$507,800
Loss ratio	.58	1.45	.51	1.05

Item	Crop Year 1948	1949	1950	1951
	Summary			
Number of states	40	40	40	42
Number of counties	375	394	619	801
Number of contracts	169,129	165,076	307,257	344,514
Number of indemnities ..	16,918	34,579	61,575	57,314
Premiums	$12,684,837	$11,737,147	$14,319,350	$19,532,400
Indemnities	$6,779,539	$15,537,238	$12,748,708	$19,934,400
Surplus or deficit (-) .	$5,905,298	-$3,800,091	$1,570,642	-$402,000
Loss ratio	.53	1.32	.89	1.02

STATEMENT OF OBLIGATIONS UNDER OTHER FUNDS

Item	Obligations, 1951	Estimated obligations, 1952	Estimated obligations, 1953
Obligations under reimbursements from Governmental and other agencies	$6,763	$1,469	- -

RURAL ELECTRIFICATION ADMINISTRATION

Purpose Statement

The Rural Electrification Administration was established by Executive Order 7037 of May 11, 1935 to make loans for the extension of central station electric service to unserved rural people. The agency was continued by the Rural Electrification Act approved May 20, 1936 and became a part of the Department of Agriculture, effective July 1, 1939, under Reorganization Plan II. By June 30, 1951 REA borrowers had extended central station electric service to 3,547,323 farms and other rural consumers. As of the same date, estimates based on the 1950 census are that 4,522,637 or 84.0 percent of all farms in the United States were receiving central station electric service. The new estimate indicates that the job ahead in electrifying farms and rural non-farm establishments is even larger than it was thought to be a year ago. In addition, the provision of adequate low-cost power supplies and technical and operating guidance to more than 1,000 borrowers involves numerous expanding responsibilities.

Loans for construction of electric facilities are self-liquidating within a period of not to exceed 35 years, and they bear interest at the rate of 2 percent. Loans for consumer facilities are also at 2 percent interest but for shorter periods.

In the electrification program, the principal borrowers of this Administration are cooperative associations formed solely for the purpose of making electricity available in rural areas. The Administration gives technical review and approval to construction plans and approves the completed construction of the electric systems. Selective guidance and assistance on business management matters are rendered to borrowers where necessary. Periodic audits are made of the records of all borrowers except those which have attained managerial and financial standards, approved by the Administrator. These latter are required to engage public accountants for this purpose.

On October 28, 1949, the Administration was authorized by Public Law 423, 81st Congress, to make loans for the purpose of the improvement and expansion of telephone facilities in rural areas. These loans are authorized to be made on the same terms as the electrification loans.

Making a telephone loan involves a number of major problems not encountered in the electrification program including the following: (1) most loans are made to existing companies, with diverse patterns of operation; (2) State Commission approvals are required; and (3) agreements for interconnections with other telephone companies are essential. Special consideration must be given to problems of acquisitions, refinancing outstanding obligations, and avoidance of duplication of service. Experience indicates that making a telephone loan is therefore usually more complex thant making an electrification loan.

The Rural Electrification Administration has no field offices. Relations with borrowers are maintained primarily through its offices in Washington and a staff of full-time field employees working directly with the borrowers.

The Rural Electrification Administration on November 30, 1951 had 1,173 full-time employees, 846 of whom were in Washington Departmental service and the balance in the field service.

	Estimated, 1952	Budget Estimate, 1953
Loans (borrowing authorization):		
Rural electrification	a/ $100,000,000	a/ $50,000,000
Rural telephone	b/ 9,000,000	25,000,000
Salaries and expenses	8,290,000	8,425,000
	117,290,000	83,425,000

a/ Does not include contingent authorizations of $75,000,000 for 1952 and $50,000,000 proposed for 1953.
b/ Does not include contingent authorization of $25,000,000.

RURAL ELECTRIFICATION ADMINISTRATION

(a) Loan Authorizations

Electrification Program

Appropriation Act, 1952 (authorization to borrow from Secretary of the Treasury)	a/	$100,000,000
Base for 1953		100,000,000
Budget Estimate, 1953	a/	50,000,000
Decrease in loan authorization	b/	-50,000,000

a/ Does not include contingent authorization of $75,000,000 in 1952, and $50,000,000 proposed for 1953.
b/ Due to carryover balances to be utilized in 1952 and 1953, a $165,000,000 loan program is planned for each year.

Telephone Program

Appropriation Act, 1952 (authorization to borrow from Secretary of the Treasury)	c/	$9,000,000
Base for 1953		9,000,000
Budget Estimate, 1953		25,000,000
Increase in loan authorization	d/	+16,000,000

c/ Does not include contingent authorization of $25,000,000.
d/ Due to carryover balances to be utilized in 1952, a $25,000,000 loan program is planned in 1952, as well as in 1953.

PROJECT STATEMENT
(On basis of planned loan programs)

Project	1951	1952 (estimated)	Increase or Decrease	1953 (estimated)
Loan Authorization				
Rural electrification	$221,733,799	$165,000,000	- -	$165,000,000
Rural telephone	37,828,500	25,000,000	- -	25,000,000
Total loans	259,562,299	190,000,000	- -	190,000,000

The provision of adequate utility service in rural areas is imperative to aid the nation in meeting the crisis arising out of the current international situation. The high agricultural production which is necessary to our national strength requires the continued orderly, yet expeditious, expansion of rural electric and telephone service so that production goals can be achieved despite acute manpower shortages.

The defense-supporting role of the electric and telephone utility industries has been recognized by the National Production Authority which has established materials control programs for both industries under CMP. These programs give assurance that the utility industries receive necessary shares of scarce materials without conflicting with other defense needs. Continued availability of REA loan funds is necessary, however, if rural people are to secure their share of available materials. REA borrowers can submit their materials requirements only on the basis of loans or allocations from REA. Without REA loans they could make no request for a share of materials, and these materials would then be available only for urban utility construction even though they might contribute much less to the nation's defense effort. So far, the allocation of scarce materials has delayed, but not stopped, construction on any rural electrification or telephone project.

ADVANCE OF FUNDS AND PROGRAM PLANS

Electrification: Funds loaned to borrowers are advanced only as needed to meet construction, labor and material costs. Funds estimated to be advanced in 1952 amount to $235,000,000 and in 1953 will amount to $200,000,000. The decrease reflects an estimate of the effect of restrictions on the use of materials. The construction program contemplated by these advances will result in an additional 110,000 miles of lines energized in 1952 and 90,000 miles in 1953 providing service to approximately 242,000 new consumers in 1952 and 200,000 in 1953. Thus by the end of the fiscal year 1953, REA-financed systems will have energized about 1,334,000 miles of distribution lines providing electric service to approximately 3,989,000 rural consumers.

More than 78 percent of the total of electrification loans has been made during the last six years. The construction resulting from these loans is new, some of course not yet complete. In view of the five-year deferment period provided in most notes, present loan repayments represent only a small fraction of the amount which will eventually be due. These facts indicate that borrowers have by no means passed the peak of their need for technical advice on the operation and maintenance of their facilities, and management advice on financial, organizational and other related problems. The success of the program, and the security of the loans, depends on the continued successful solution of the increasingly difficult and complex technical and management problems which are being encountered.

Telephone: Construction work, which started during fiscal year 1951, is growing rapidly during 1952, and will be substantially increased during 1953. As of November 30, 1951, 142 loan allocations had been made. The area coverage design, which is the first major post-allocation engineering work leading to construction, had been approved for 39 borrowers. Advance of funds, which totaled only $155,868 during fiscal year 1951, is estimated at $7,000,000 during 1952 and $15,000,000 during 1953. This growth of the program will mean a steadily increasing workload in the areas of construction, accounting, auditing, and management.

LOAN PROGRAM

Electrification: The percentage of farm electrification as of June 30, 1951 based on the new 1950 Census, is estimated to be 84 percent as compared to the estimate of 86.3 percent made for June 30, 1950, based on the 1945 Census. The $329,584,900 in loan applications on hand in the Washington office or in preparation in the field is indicative of the large demand for loans.

Although only $50,000,000 of additional borrowing authorization is requested for 1953, a loan program of $165,000,000 is planned, the same as the program planned for 1952. In order to carry out the 1953 program with only $50,000,000 additional loan authorization, it will be necessary to use $115,000,000 of the carryover funds which are expected to amount to $117,724,175. In meeting the needs of particular States under the State allotment formula, it may also be necessary to use some part of the $50,000,000 contingent borrowing authorization which is proposed. A loan program of $165,000,000 is believed necessary to continue the orderly development of rural electrification.

The status of loan funds for 1951, 1952 and 1953 is shown below:

	Fiscal Year 1951	Fiscal Year 1952	Fiscal Year 1953
Loan authorization a/	$264,500,000	b/$100,000,000	b/$50,000,000
Carryover from prior year	139,957,974	182,724,175	117,724,175
Amount available for loans	404,457,974	282,724,175	167,724,175
Carryover into subsequent year	-182,724,175	-117,724,175	-2,724,175
Loan Program	221,733,799	165,000,000	165,000,000

a/ Excludes contingent loan authorization and Section 1214 reduction of $85,500,000.
b/ Excludes contingent loan authorizations.

Telephone: In 1920, 38.7 percent of the farms in the United States had telephone service. In 1950, the percentage was only 38.3. During the same time, the number of farms with telephone service was reduced from 2,498,493 to 2,059,474. The demand for telephone loans is indicated by the fact that as of November 30, 1951, there were 523 loan applications on hand totaling $84,707,290. The 1953 loan program of $25,000,000 represents a minimum program, and will satisfy only a small portion of the requests for loans.

The status of loan funds for 1951, 1952 and 1953 is shown below:

	Fiscal Year 1951	Fiscal Year 1952	Fiscal Year 1953
Loan authorization	$32,500,000	$9,000,000	a/$25,000,000
Carryover from prior year ...	21,573,500	16,245,000	245,000
Amount available for loans ..	54,073,500	25,245,000	25,245,000
Carryover into subsequent year	-16,245,000	-245,000	-245,000
Loan Program	37,828,500	25,000,000	25,000,000

a/ Excludes contingent loan authorization.

CHANGES IN LANGUAGE

The estimates include a proposed change in language as follows (new language underscored; deleted matter enclosed in brackets):

LOANS

For loans in accordance with said Act, and for carrying out the provisions of section 7 thereof, to be borrowed from the Secretary of the Treasury in accordance with the provisions of section 3(a) of said Act as follows: Rural electrification program, [$100,000,000] $50,000,000; and rural telephone program, [$9,000,000] $25,000,000 and additional amounts, not to exceed [$75,000,000] $50,000,000, may be borrowed for the rural electrification program[, and $25,000,000 for the rural telephone program,] under the same terms and conditions to the extent that such additional amounts are required during the fiscal year [1952] 1953, under the then existing conditions, for the expeditious and orderly development of the program.

The change in language is for the purpose of deleting the contingent borrowing authorization provided in the 1952 Act for the rural telephone program.

(b) Salaries and Expenses

Appropriation Act, 1952	$7,750,000
Anticipated pay adjustment supplemental	540,000
Base for 1953	8,290,000
Budget Estimate, 1953	8,425,000
Increase	+135,000

SUMMARY OF INCREASES AND DECREASES, 1953

Decrease in loan analysis and system development work due to anticipated savings during 1953 in carrying out the same sized loan programs as during 1952	-$73,261
Increase in engineering and technical standardization work due to the growing construction workload in the telephone program resulting from the increasing number of telephone borrowers entering into construction	+82,316
Increase in management advisory activities due to the increasing need for loan servicing activities, particularly in the telephone program, where the number of energized borrowers will increase very substantially	+122,409
Increase in loan auditing, collecting and accounting work reflecting anticipated savings in the electrification program and costs of the increased work in the telephone program resulting from the increasing number of borrowers entering into construction and operation	+3,536

PROJECT STATEMENT

Project	1951	1952 (estimated)	Increase or Decrease	1953 (estimated)
1. Loan analysis and system development	$2,217,249	$2,059,419	-$73,261(1)	$1,986,158
(Electrification)	(1,598,529)	(1,522,653)	(-56,135)	(1,466,518)
(Telephone)	(618,720)	(536,766)	(-17,126)	(519,640)
2. Engineering and technical standards	2,862,546	2,756,540	+82,316(2)	2,838,856
(Electrification)	(2,447,165)	(2,175,698)	(-6,980)	(2,168,718)
(Telephone)	(415,381)	(580,842)	(+89,296)	(670,138)
3. Management advisory activities	1,458,792	1,627,004	+122,409(3)	1,749,413
(Electrification)	(1,393,852)	(1,493,090)	(+34,340)	(1,527,430)
(Telephone)	(64,940)	(133,914)	(+88,069)	(221,983)
4. Loan auditing, collecting and accounting	1,690,405	1,847,037	+3,536(4)	1,850,573
(Electrification)	(1,562,435)	(1,624,320)	(-53,986)	(1,570,334)
(Telephone)	(127,970)	(222,717)	(+57,522)	(280,239)
Subtotal	8,228,992	8,290,000	+135,000	8,425,000
(Electrification)	(7,001,981)	(6,815,761)	(-82,761)	(6,733,000)
(Telephone)	(1,227,011)	(1,474,239)	(+217,761)	(1,692,000)

(Continued on next page.)

Project	1951	1952 (estimated)	Increase or Decrease	1953 (estimated)
Unobligated balance	42,000	- -	- -	- -
Total pay adjustment costs	[- -]	[553,575]	[+19,290]	[572,865]
Total available or estimate	8,270,992	8,290,000	+135,000	8,425,000
Transferred in 1952 Estimates to "Salaries and and expenses, Office of Information, Agriculture"	+400			
Reduction pursuant to Sec. 1214	+278,608	- -		
Anticipated pay adjustment supplemental	- -	-540,000		
Total appropriation or estimate	8,550,000	7,750,000		

INCREASES AND DECREASES

(1) A decrease of $73,261 under the project "Loan analysis and system development" consisting of a decrease of $56,135 for the electrification program and a decrease of $17,126 for the telephone program is proposed.

These decreases reflect the effect in 1953, on a full year basis, of the reductions which were made during the year 1952 in the assistance given to borrowers in developing loan applications.

Data pertaining to workload:

	1951 Actual	1952 Estimated	1953 Estimated
Electrification			
Loan dollars, net	$221,733,800	$165,000,000	$165,000,000
Number of loans	472	360	360
Telephone			
Loan allocations, net	$37,828,500	$25,000,000	$25,000,000
Number of allocations, net	96	75	75
Number of loan contracts signed and executed	24	115	75

(2) A net increase of $82,316 under the project "Engineering and technical standards" consisting of a decrease of $6,980 for the electrification program and an increase of $89,296 for the telephone program is proposed.

Electrification: The estimate to carry out this work is $6,980 below 1952. The construction program is expected to diminish moderately but the very large volume of work in connection with borrowers' procurement

of materials prevents a larger decrease in the estimate. As a result of a sub-delegation of authority, REA has been handling all details of the materials control program in respect to REA borrowers with the same responsibilities which the Defense Electric Power Administration discharges toward the rest of the electric utilities industry. This work is imposing a heavy burden on the engineering staff during 1952 which is being met only through unusual efforts, overtime work, and sometimes at the expense of other activities.

Responsibilities in assisting borrowers with respect to their technical operations and maintenance program continue to grow as more miles of line are energized and as the facilities in service become older. Adequacy of maintenance programs is essential if borrowers are to give the quality of service necessary to farmers who are making increasingly heavy use of electric power to help them in achieving high production, and it is essential to the security of the Government's loan.

Data pertaining to workload:

	1951 Actual	1952 Estimated	1953 Estimated
Value of construction work in process:			
Distribution	$321,000,000	$230,000,000	$220,000,000
Generation and Transmission	293,000,000	300,000,000	290,000,000
Number of loans	472	360	360
Miles energized, cumulative	1,134,498	1,244,498	1,334,000

Telephone: An increase of $89,296 is required in this activity to provide necessary post-allocation engineering services for the substantially increased number of borrowers expected to reach this stage. The volume of post-allocation work, of which the first major step is the review of the area coverage design, is in considerable part determined by allocations of previous years. The amount of this work is substantially increased in 1952 over 1951, and a further increase will occur in 1953. These activities are essential to insure that the new REA-financed telephone facilities are built in such a way as to assure good service and constitute good security for the REA loan. The principal post-allocation engineering activities include: (1) approval of the borrowers' engineer and engineering contract; (2) review of the area coverage design and cost estimate; (3) review of plans and specifications; (4) review of construction contracts; (5) review of materials purchases; (6) inspection of construction in progress and after completion; and (7) review of final inventory and data pertaining to close-out of construction contracts.

Data pertaining to workload:

	1951 Actual	1952 Estimated	1953 Estimated
Number of allocations during year	96	75	75
Number of borrowers requiring post-allocation engineering work (starting with area coverage design) ...	32	170	290

(3) An increase of $122,409 under the project "Management advisory activities" consisting of an increase of $34,340 for the electrification program and an increase of $88,069 for the telephone program is proposed.

Electrification: An increase of $34,340 is proposed to meet the continuously increasing responsibilities in this area. Although many borrowers are reaching a condition of experience and maturity which allows them to handle their own affairs with a minimum of REA assistance, the demands for management assistance on a selective basis are not diminished. As borrowers become better able to handle their ordinary problems, the problems on which they need assistance become much more difficult, frequently requiring extensive work.

Due to intensive work with delinquent borrowers, the amount overdue more than 30 days was reduced to less than 0.3 percent of the amount due as of June 30, 1951. However, the table below shows a continued increase in the number of borrowers operating with accrual deficits:

Calendar year	Borrowers operating with accrual deficits
1947	166
1948	243
1949	253
1950	270

This increase is largely due to the fact that large additions to borrowers' facilities during the last few years have increased expenses, including depreciation charges, while the revenue to pay expenses develops gradually. Assistance from REA and constant development of improved methods will be required if these borrowers are to continue to meet cash obligations, and eventually wipe out the deficits computed on an accrual basis.

Data pertaining to workload:

	1951 Actual	1952 Estimated	1953 Estimated
Number of borrowers	1,076	1,080	1,085
Average loans per borrower .	$2,255,800	$2,400,180	$2,540,000
Average advances per borrower	1,698,200	1,920,000	2,080,000

Telephone: An increase of $88,069 is proposed to allow for the development of the management advisory program for telephone borrowers.

During fiscal year 1952, management field visits have been made to only a few borrowers. Work in this project has been largely in the development of methods and procedures and in the fields of rates and insurance. Assistance to borrowers in general management matters has hardly begun.

REA proposes to provide its telephone borrowers with management assistance covering such matters as personnel selection and training, rate schedules, labor relations, insurance, purchase of auxiliary equipment, and general business operation. As in the electrification program, the amount of such assistance provided will vary with the needs of a particular borrower. At the outset, it is anticipated that considerable management guidance will be necessary, since most of the telephone borrowers are either very small independent telephone companies, which lack experience in the operation of modern telephone facilities, or cooperatives made up of rural people who have no experience at all in the telephone business. Since the security for the loans rests largely in the successful functioning of these independent business enterprises, it is imperative that they be aided in getting on a sound footing.

Data pertaining to workload:

	1951 Actual	1952 Estimated	1953 Estimated
Cumulative number of loan allocations, net	113	188	263
Cumulative number of loan contracts signed and executed	24	139	214
Cumulative loan allocations	$41,255,000	$66,255,000	$91,255,000

(4) A net increase of $3,536 under the project "Loan auditing, collecting and accounting" consisting of a decrease of $53,986 for the electrification program and an increase of $57,522 for the telephone program is proposed.

Electrification: The decrease of $53,986 reflects the savings which are expected to result from increasing the number of borrowers required to obtain their own operating audits from CPA firms, thus decreasing the number of operations audits to be performed by REA.

Data pertaining to workload:

	1951 Actual	1952 Estimated	1953 Estimated
Borrowers requiring operations audits	816	763	680
Borrowers receiving operations audits	778	720	680
Advances	$268,130,658	$235,000,000	$200,000,000
Construction work in progress	614,000,000	530,000,000	510,000,000

Telephone: An increase of $57,522 is required to handle the increasing workload resulting from the growth of the program and the increase in the number of borrowers under construction and in operation.

Pre-allocation audits are required in only a small number of cases, but installation audits are required in all cases after execution of the loan contract before any funds are advanced. For operating companies, a balance sheet audit is made and any records necessary for conformity with the Federal Communications Commission uniform system or State requirements are installed. For borrowers not previously operating, a complete accounting and records system must be installed, and it must be expected that such borrowers will for a time have considerable need for advice and assistance in the maintenance of the accounting systems.

Experience is not yet available on which to determine exactly the extent to which it will be necessary for REA to perform operations audits, but it is estimated that selective audits will be made for approximately one third of the borrowers annually.

Workload in the office in reviewing and typing audits, handling requisitions and expenditure reports and loan accounting will also increase with the growth of the program.

Data pertaining to workload:

	1951 Actual	1952 Estimated	1953 Estimated
Telephone allocations:			
During year	96	75	75
Cumulative	113	188	263
Telephone loan contracts signed and executed, net:			
During year	24	115	75
Cumulative	24	139	214

STATUS OF PROGRAM

Electrification Program

Current Activities fall into two general categories: first, the lending and construction activities pointed toward the goal of area coverage, and second, the loan servicing activities. The $329,534,900 backlog of loan applications on hand and in process in the field on November 30, 1951, is indicative of the continued pressure for loans even though the peak in the loan program and in the extension of electric service to rural consumers occurred in fiscal year 1949. More than 78 percent of the total of REA loans has been made during the last six years. This fact means that there is an increasing need for loan servicing work to assure that the loans will be paid back on schedule and that the properties will be maintained in condition to give economical dependable service. The scope of current program activities is illustrated by the following:

1. Lending and Construction Activities

Expediting area coverage. Based on the 1950 Census, the percentage of all farms electrified as of June 30, 1951, is estimated to be 34.0 percent (compared with 86.3 percent as of June 30, 1950, based on the 1945 Census). The Agency continues to encourage and assist borrowers to develop plans that will enable them to extend electric power on a self-liquidating basis to all unserved farms and rural establishments within their system areas.

Developing plans to serve "thinner" areas. Now that 84 percent of the farms in the country are electrified, most of the farms still without electricity are in the "thinner" areas. As a result, many loan applications pose difficult problems such as the development of new power sources, the integration of town and country loads, or the establishment of minimum guarantees to offset low density. Frequently complete area studies are needed to determine ultimate power loads and economic prospects for an area in order to appraise adequately the feasibility of the loan.

Overcoming power shortages. Provision of adequate low-cost power in many areas requires the solution of many power supply problems such as the inadequacy of generation and transmission capacity and wholesale rates that are so high as to prevent feasible system operation. Furthermore, construction of generation and transmission facilities for which loans have already been made requires increasing attention. This is emphasized by the fact that as of June 30, 1951, there was generation and transmission construction work in progress representing loans of $293,000,000 as compared with $277,000,000 the year before and $149,000,000 two years earlier.

Expanding system capacity to meet load growth. The consumption of electricity by consumers of borrowers' systems continues to increase. The average (median) monthly residential consumption of electric energy was 146 kwh during December 1950 as compared with 130 kwh during December 1949. During the same period, the number of consumers served by the average system increased by 10 percent. To meet this increasing demand for power, nearly every loan made to existing borrowers includes provision for "heavying-up" - that is, increasing the capacity of existing sections of borrowers' systems.

2. Loan Servicing Responsibilities

Insuring security through prompt servicing. The Government's real security for more than 1.6 billion dollars in REA loans outstanding is in soundly operated, reliable, serviceable rural electric facilities which produce sufficient revenue to pay off the Government loans. To protect the Government's security, REA must guide and assist borrowers to the extent necessary in meeting their management and other operating problems. Such guidance in the field of cooperative rural electrification is not readily available from any other source. The tremendous expansion of the postwar loan programs has intensified the problem and underscores the need for prompt loan servicing work.

Providing cooperative management advisory assistance. The necessity of this activity is demonstrated most sharply by the number of borrowers reporting deficits on an accrual basis - 138 in 1946, 166 in 1947, 243 in 1948, 253 in 1949, and 270 in calendar year 1950. While a deficit in the early life of any organization is not necessarily a cause for concern, there is a clear need for assistance and vigilance to insure the most careful management on the part of these borrowers in order that they may continue to meet their cash obligations. Need for management advisory assistance is not limited to financial problems. As borrowers become larger and older and as their volume of business expands, they encounter other management problems of increasing complexity. These problems may occur despite the financial position of the borrower, and their satisfactory solution is essential to the stability of the borrower. Assistance is also extended to groups of borrowers working on management training programs for cooperative managers and for members of cooperatives' boards of directors.

Encouraging systematic maintenance programs. The physical security for the Government's loans as of June 1951 included more than 1,100,000 miles of power line, of which more than 500,000 miles had been in operation more than five years. Borrowers are assisted in properly planning and scheduling programs of preventive maintenance in order to keep these lines, as well as facilities such as generating plants, in condition to give continuing economical and dependable service.

Encouraging member understanding and participation. More than 97 percent of REA loans have been made to cooperatives, or public bodies, whose consumers are owners of the facilities that serve them. These consumers can exercise control over the service they receive and their combined business acumen and integrity adds to the security of the Government loans. Experience shows that cooperatives with informed, active members are less likely to have financial and operating problems than those with apathetic members. Therefore, REA is safeguarding its outstanding loans by encouraging its cooperative borrowers to undertake more effective member relations activities in conjunction with their programs to assist their members in making the most efficient use of available electric power. Not only does this have a bearing on cooperative revenues, but it helps the cooperative fulfill its main purpose - that of giving its consumers the greatest possible benefit from the service rendered. In both respects the result is that the Government's loan security is strengthened.

Selected examples of recent progress and operational data

1. Consumers connected and miles energized. In the 12 months ending June 30, 1951, REA borrowers added approximately 295,536 consumers to their lines through the construction of more than 116,162 miles of line. This brought the total number of miles of energized lines operated by REA borrowers to 1,134,493 and the total consumers to 3,547,323.

2. Loans approved and advances of loan funds. During the fiscal year 1951, loans made totaled over $221,000,000. Advances of loan funds during the year were about $268,000,000.

3. Loan payments by borrowers. Significant data, as of June 30, 1951, are as follows:

Cumulative total of loans	$2,427,204,114
Cumulative total of advances	1,827,017,336
Principal due	149,103,328
Principal repaid	182,672,620
Advance payments (included in preceding item)	33,530,816
Interest due	113,643,995
Interest paid	113,450,195
Delinquent payments (overdue more than 30 days)	684,802
Probable losses on foreclosures not included above	42,297

Since debt service schedules generally provide for a 2 or 5-year deferment period after a loan is made, this record of debt service payments against amounts now due is not a full measure of the borrowers' ability to meet their maximum debt service requirements which will be reached in subsequent years.

4. Transfer of responsibility to borrowers. It is a continuing policy of REA to help the borrowers become more and more self-reliant. An example of this practice is the requirement that borrowers reaching managerial and financial standards approved by the Administrator must arrange for their own auditing service (except for loan funds), thus relieving the REA staff of this part of the auditing workload. During 1952, 261 of the borrowers are engaging qualified accountants to make such audits in accordance with REA standards.

5. Improvements in administration. REA gives primary attention to finding more effective and economical methods of administering its program. As a result of such efforts, it has been possible to maintain the REA administrative staff at about the prewar level despite approximately a five-fold increase in the size of its program. Recent examples of such improvements are: (a) the simplification of procedure for the review and approval by REA of minor construction by its borrowers and the delegation of authority for such action to agency field personnel; (b) the development and application of a system of machine accounting for all loans, including statements to borrowers, in lieu of manual methods; (c) the development and installation of new systems of accounts for both loan and administrative funds and the consolidation and reorganization of the agency accounting staff for more effective operation; (d) the simplification of REA requirements and procedure for the purchase by borrowers of materials and equipment for the construction of electric and telephone facilities.

The cumulative figures presented in the following tables show the progress of the rural electrification program since its inception in May 1935:

LOANS

Table No. I

Date	Total Net Loans All Purposes	Miles Constructed (Loan Estimate)	Consumers Served (Loan Estimate)
June 30, 1936	$ 13,903,412	13,072	48,997
June 30, 1937	58,936,217	54,407	193,529
June 30, 1938	88,172,426	80,951	282,808
June 30, 1939	227,236,949	209,818	724,999
June 30, 1940	268,972,949	251,642	854,823
June 30, 1941	369,027,621	336,053	1,171,867
June 30, 1942	460,180,345	409,490	1,345,107
June 30, 1943	466,881,323	414,287	1,358,114
June 30, 1944	498,811,447	448,889	1,438,567
June 30, 1945	564,968,184	507,105	1,581,431
June 30, 1946	817,086,990	674,742	2,088,127
June 30, 1947	1,068,436,162	811,019	2,484,503
June 30, 1948	1,381,459,261	931,467	2,847,991
June 30, 1949	1,830,318,858	1,097,705	3,352,603
June 30, 1950	2,205,470,314	1,214,702	3,688,969
June 30, 1951	2,427,204,114	1,286,127	3,896,824

CONSTRUCTION

Table No. II

Date	Funds Advanced	Miles Energized	Consumers Connected	Total KWH Billed (Annual)
June 30, 1936	$ 823,262	400	693	a/
June 30, 1937	11,864,836	8,000	19,611	a/
June 30, 1938	60,040,810	41,736	104,528	a/
June 30, 1939	122,337,824	115,230	268,000	a/
June 30, 1940	221,287,287	232,978	549,604	311,479,000
June 30, 1941	296,395,142	307,769	779,561	566,422,777
June 30, 1942	354,616,010	369,129	981,193	893,461,286
June 30, 1943	369,152,582	381,747	1,041,821	1,460,460,571
June 30, 1944	387,630,670	397,861	1,152,031	1,791,607,706
June 30, 1945	427,366,738	424,072	1,287,347	2,066,121,706
June 30, 1946	514,619,844	474,837	1,549,057	2,185,149,697
June 30, 1947	704,705,701	546,781	1,843,351	2,861,024,042
June 30, 1948	950,941,658	666,156	2,263,869	4,016,273,673
June 30, 1949	1,272,228,526	839,685	2,778,180	5,474,001,598
June 30, 1950	1,558,887,178	1,018,336	3,251,787	6,973,694,936
June 30, 1951	1,827,017,836	1,134,498	3,547,323	8,737,816,038

a/ Not available.

The following table presents averages for REA-financed systems by age groups, based on average age of the miles of distribution line comprising the systems. The development of these systems with increased operating experience is illustrated by the trends shown. It will be noted that on the average, as the systems become older, there is an increase in the number of consumers connected per mile of line, the average monthly energy consumption, and revenue per mile, and a decrease in the proportion of consumers paying minimum bills.

OPERATING STATISTICS OF REA BORROWERS OPERATING RURAL DISTRIBUTION SYSTEMS BY AGE GROUPS - MEDIAN AVERAGES - DECEMBER 1950

Table No. III

Age Class (Months)	Average Age (Months)	Systems Included	Consumers Per Mile	KWH Per Residential Consumer	Percent Minimum Bills	Revenue Per Mile
1-36	20	165	1.70	141	20	12.56
37-48	43	77	2.48	108	21	14.56
49-60	55	150	3.11	125	18	16.07
61-72	67	175	3.07	123	16	16.71
73-84	78	139	3.28	140	14	19.68
85-96	89	84	3.06	186	13	22.76
97 and over	111	145	3.58	275	9	28.07
All Systems	66	935	2.96	146	15	18.18

Rural Telephone Program

Allocations made. During fiscal year 1951, which was the first complete year of operation of the Rural Telephone Program, loan allocations were made totaling $37,828,500 to 96 borrowers, as compared to allocations of $3,426,500 to 17 borrowers during fiscal year 1950. The 1951 allocations were made to provide telephone service to 70,693 new rural subscribers and to improve service to 63,286 additional rural subscribers. These allocations were made to 60 commercial companies and 36 cooperatives.

In the telephone program, it is usually necessary initially to make a loan allocation to give assurance that a loan will be made if necessary conditions are satisfied, such as incorporating, merging existing companies, or signing up subscribers to determine the market for telephone service. After these conditions are satisfied, a loan contract is executed. During the fiscal year 1951, loan contracts were entered into totaling $20,327,000.

Number and amount of applications on hand. As of September 30, 1951, REA had on hand a total of 518 applications, representing 39 States and Alaska in the amount of $81,647,177. These would provide initial, or improved, service to an estimated 350,000 rural subscribers.

The amount of loan applications on hand is not a full measure of the requirements for loan funds. Experience has shown that in numerous instances the amounts requested in loan applications are low, and represent but minor improvements to existing plant without effecting the purpose of the telephone program in bringing telephone service to the widest practicable number of rural users as required by the Rural Electrification Act. In other instances, it is found that the applicant's operations are so small as to constitute an unfeasible operating unit. In these instances, where possible, mergers with other nearby small operations are encouraged with a view to establishing feasible operating units.

Complexity of loan appraisal. The analysis of rural telephone loan applications has proven to be extremely complex. Virtually every loan application from an existing company requires field appraisal to determine the physical value of the existing plant and that portion usable in the proposed system. The loan appraiser, with an engineer, must assist the applicant in developing a proposed system which will assure maximum availability of telephone service in the area. Furthermore, detailed information affecting the security of the proposed loan is necessary. This broadly involves examination into the character and operating efficiency of the system as bearing on costs and revenues, past and prospective; the extent of subscriber interest and ownership; acceptability and probable effectiveness of REA guidance and assistance; the extent to which any surplus will be retained in the system; and

an analysis of local economic trends. Analysis of these factors ultimately results in an administrative determination of equity required from the applicant as a condition of the loan. This is not required in the electric program.

Construction. Construction work in the telephone program started during fiscal year 1951. Of 113 allocations as of the end of the year, 32 had reached the stage of preparing their area coverage design, which is the first major post-allocation engineering work leading to construction.

Current Rural Telephone Program

Loans. It will be necessary to give a substantial amount of assistance to applicants who have received allocations but have not yet satisfied the conditions necessary before a loan contract can be executed. At the end of the year, 113 allocations had been made and 24 loan contracts had been signed and executed. It is planned that 115 additional loan contracts will be completed during fiscal year 1952.

In view of the large number of loan applications on hand, and the provision of a contingent loan authorization for the telephone program, the size of the loan program during fiscal year 1952 will be limited only by the available staff. It is estimated that it will be possible to make loan allocations totaling approximately $25,000,000 during the year.

Construction. The construction program which just started in fiscal year 1951 will first reach substantial size in fiscal year 1952. During 1952, it is expected that post-allocation engineering work, starting with the area coverage design, will be under way on 150 projects, as compared with 32 during 1951.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

Item	Obligations, 1951	Estimated obligations, 1952	Estimated obligations, 1953
Flood Control, Agriculture (Rural Electrification Administration):			
For general basin investigations	--	$8,000	$13,000
Working Fund, Agriculture, General (Rural Electrification Administration):			
For expenses in connection with a comprehensive survey of the Arkansas-White-Red River basin	$8,000	--	--
Obligations under reimbursements from Governmental and other agencies	$10,456	--	--
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS	$18,456	$8,000	$13,000

FARMERS' HOME ADMINISTRATION

Purpose Statement

The Farmers' Home Administration, established on November 1, 1946 pursuant to the Farmers' Home Administration Act of 1946, approved August 14, 1946, is now authorized to perform the following activities:

1. Make direct farm ownership (farm tenant) loans to farm tenants, farm laborers, sharecroppers and other individuals for the purchase, enlargement or development of family size farms. Loans, at 4% interest amortized over 40 years, are made in amounts up to the normal value of a farm as improved based on long-term earning capacity values.

2. Insure 40 year farm ownership loans made by private lenders up to 90 percent of the normal value of the farm and necessary improvements at 3 percent interest plus a 1 percent insurance charge (1/2 of one per cent available to the insurance-fund and 1/2 of one per cent available for administrative expenses). Insured loans are for the same purposes and to the same classes of individuals eligible for direct farm ownership loans.

3. Make production and subsistence loans to farmers and stockmen for farm operating expenses and for other farm needs including the refinancing of indebtedness and family subsistence. Loans are made up to $7,000 for 1 to 7 years at 5 percent interest with a limit of $10,000 on the total indebtedness of any farmer.

4. Make loans for the construction, repair, or improvement of water facilities in the arid and semiarid areas of the 17 Western States. These loans are made at 3 percent interest for periods up to 20 years to individuals and groups to provide domestic or irrigation water supply. Engineering assistance is given in planning and installing farmstead and irrigation facilities.

5. Make loans and grants to farm owners for the construction, improvement, alteration, repair or replacement of dwellings and other farm buildings. Also loans for the enlargement or development of farms to farm owners receiving loans and grants for farm dwellings and other farm buildings. Loans are made for periods up to 33 years at 4 percent interest under authority of Title V of the Housing Act of 1949.

6. Make emergency loans to farmers and stockmen in areas where a production disaster has caused a need for agricultural credit not readily available from commercial banks, cooperative lending agencies, or other responsible sources. Also make loans to bona fide fur farmers needing credit, unobtainable from commercial banks, cooperative lending agencies or other responsible sources, in order to carry on their present

fur farming operations. These loans are made at 3 percent interest for periods consistent with the anticipated ability of the borrower to repay. The total outstanding principal indebtedness on fur loans may not exceed $4,000,000 at any one time.

Supervisory assistance in planning and carrying out sound farm and home operations is provided all borrowers on the basis of their individual problems and needs. No loans are made to anyone who can secure adequate credit from other sources at reasonable rates. A local county committee of 3 (2 of whom must be farmers) is required to approve each applicant and each loan. In the case of farm ownership loans, they certify to the normal long-time earning capacity value of the farm and in the case of farm housing loans, certify as to the normal market value.

On July 1, 1951, the Administration was servicing the accounts of over 500,000 individual borrowers with outstanding indebtedness of $600,000,000 principal and interest.

The Farmers' Home Administration maintains its central office in Washington with program activities decentralized to 40 state offices (a few of which service two or more states), 1,610 county offices, and 4 area finance offices. The Farmers' Home Administration, on November 30, 1951, had 6,279 full-time employees, 310 of whom are in Washington, and the balance in the field, and 9,438 state and county committeemen part-time employees paid an average of 8 to 10 days a year.

	Estimated, 1952	Budget Estimate, 1953
Borrowing authorizations:		
Farm ownership and farm housing	a/ $40,087,001	$38,000,000
Production and subsistence	110,000,000	110,000,000
Water facilities	5,000,000	6,000,000
Appropriated funds:		
Grants (Farm housing program)	b/ 140,772	b/ 128,000
Salaries and expenses	29,570,000	29,350,000
	184,797,773	183,478,000

a/ Includes $2,087,001 available from prior year authorization.
b/ Estimated unobligated balance available from prior year appropriation.

(a) Loan Authorizations

Appropriation Act, 1952	$153,000,000
Budget Estimate, 1953 (Authorization to borrow from Secretary of Treasury)	154,000,000
Increase	+1,000,000

Note: On an available funds basis, there is a net decrease of $1,087,001 for loans in the fiscal year 1953 due to the availability of prior year balances of $2,087,001 in 1952.

SUMMARY OF INCREASES AND DECREASES, 1953
(On the basis of available funds)

Decrease in funds available for farm ownership and farm housing loans, resulting in a reduction in the number of loans to be made	-2,087,001
For additional water facilities loans	+1,000,000

PROJECT STATEMENT
(On the basis of available funds)

Project	1951	1952 (estimated)	Increase or Decrease	1953 (estimated)
Loan Authorization				
1. Farm ownership and farm housing loans	$46,214,600	$40,087,001	-$2,087,001(1)	$38,000,000
2. Production and subsistence loans	102,936,954	110,000,000	- -	110,000,000
3. Water facilities loans	3,995,434	5,000,000	+1,000,000(2)	6,000,000
Total loans	153,146,988	155,087,001	-1,087,001	154,000,000
Unobligated balance	73,583	- -	- -	- -
Total available or estimate	153,220,571	155,087,001	-1,087,001	154,000,000
Reduction pursuant to Sec. 1214	+24,500,000	- -		
Prior year balance available	-7,807,572	-2,087,001		
Balance available in subsequent year	+2,087,001	- -		
Total appropriation or estimate	172,000,000	153,000,000		

INCREASES AND DECREASES

(1) Decrease of $2,087,001 for farm ownership and farm housing loans. It is estimated that the total of $40,087,001 available in 1952 will provide $19,000,000 for farm ownership loans and $21,087,001 for farm housing loans. The proposed authorization for 1953, $38,000,000, would provide $17,000,000 for farm ownership loans and $21,000,000 for farm housing loans. Some change in this distribution of the total between programs may be necessary during the year.

(2) Increase of $1,000,000 for water facilities loans to provide an additional 100 loans to individuals and 15 loans to groups unable to obtain satisfactory credit from other sources.

Explanation of Increase: This increase is necessary in order to more adequately meet the demand for loans from eligible farmers and nonprofit water associations in providing needed facilities for a farmstead water supply or for irrigation. The number of applications received in recent years have far exceeded the number of loans that could be made with loan funds available. In the fiscal year 1951 it was not possible to serve more than one-third of the individual applicants and one-sixth of the group applicants. With $5,000,000 available for loans in 1952, it is improbable that this ratio will be improved and it might even be lower if the present upward trend in size of loans continues.

Of the many reasons for the increased demand for water facilities loans, the following are very significant:

A. Each year a large number of farmers suffer substantial crop and livestock losses from drought. Because a very large number of these farmers are unable to obtain adequate credit on reasonable terms for the installation of water facilities, they are forced to continue hazardous farming operations which preclude the use of improved practices and are denied the opportunity for increased production and income. An example of this condition is the prolonged drought during 1950 and 1951 in the Southwest which resulted in severe shortages of water supplies for many presently irrigated areas. It has not been possible, with the limited funds available, to make loans to many who are eligible for loans and who need to install wells to provide a dependable source of water to supplement dwindling surface supplies. In some of the dry land areas subject to serious droughts and once regarded as unsuitable for irrigation, the use of modern irrigation equipment such as sprinkler systems, gated pipe and efficient motors has made it possible to stabilize and further diversify farm operations by including the production of irrigated crops and pastures.

B. Four or five reclamation projects recently opened for settlement in the States of Arizona, New Mexico, Wyoming, Idaho, and Washington are still in process of development. Settlers on these projects, largely veterans, do not have sources of credit for financing the installation of farmstead water facilities, particularly to supply water for the farm family, and for financing the facilities such as secondary ditches, pipeline, sprinkler systems and for land leveling which will enable them to take water from main canals at the high point on the farm and effectively apply it in the production of farm crops. The promptness with which such facilities are installed directly affects the annual rate of income received by the settlers in the early years of project development.

C. There is no adequate source of private or cooperative credit for financing the installation of new or the repair of existing water facilities owned and operated by groups of small farmers. The greatest increase in the demand for group loans continues to come from the states of the Intermountain region. However, on the Roza Division of the Yakima and on the Columbia Basin Reclamation Projects in the State of Washington, where the development of farmstead water on an individual basis is very costly, but reasonable on a group basis, a significant increase in the demand for group loans is anticipated. A recent survey by the Farmers' Home Administration disclosed that more than 500 eligible mutual water companies and irrigation districts serving at least 10,000 farm families are presently operating systems in need of improvement to promote adequate services. It is the policy of the Farmers' Home Administration to give preferential consideration to group applicants in need of financial and technical assistance for the improvement of existing irrigation facilities in order to maintain or increase the production of agricultural products needed during the present emergency. It is anticipated this policy will result also in a larger total number of farm families being served by the water facilities program.

D. Generally, private credit is not available to a large number of family-type farmers who need to install water facilities on their individual farms. There are several reasons for this condition, among which the following are most important: Collateral and repayment requirements are unsuitable; technical advice and guidance for the installation and use of facilities is not provided with loans; and as a general policy banks and cooperative lending institutions make loans only to farmers with proven ability as farm operators.

The need for increased loan funds is accentuated by the increase in the average size of loans. There are a number of reasons for the increased size of loans, such as:

A. Materials, labor, and equipment used in the installation of facilities cost more.

B. A larger proportion of applications are for irrigation facilities which require larger investments.

C. Since the enactment of Public Law 99 (81st Congress) amending the Water Facilities Act, there has been an increase in the size of loans approved to groups. For example, there has been an abrupt increase in the average size of initial group loans from $32,710 in the last fiscal year to $61,275 in the early months of the present fiscal year.

Loan Plans: The increase of $1,000,000 would permit the making of an additional 100 loans to individuals and 15 loans to groups. Total loans in 1953 would be 1,380 initial loans and 125 subsequent loans to individuals and 50 initial loans and 4 subsequent loans to groups.

CHANGES IN LANGUAGE

The estimates include proposed changes in language as follows (new language underscored; deleted matter enclosed with brackets):

To carry into effect the provisions of titles I, II, and the related provisions of title IV of the Bankhead-Jones Farm
1 Tenant Act, as amended (7 U.S.C. 1000-1031), the Act of August 23, 1951 (Public Law 123); the Farmers' Home Administration Act of 1946 (7 U.S.C. 1001, note; 31 U.S.C. 82h; 12 U.S.C. 371; 35 D.C. Code 535; 60 Stat. 1062-1080); the Act of July 30, 1946 (40 U.S.C. 436-439); the Act of August 28, 1937, as amended (16 U.S.C. 590r-590x, 590z-5), for the development of facilities for water storage and utilization in the arid and and semiarid areas of the United States; the provisions of title V of the Housing Act of 1949 relating to financial assistance for farm housing (42 U.S.C. 1471-1483); the Rural Rehabilitation Corporation Trust Liq-
2 uidation Act, approved May 3, 1950 ([Public Law 499] 40 U.S.C. 440-444); and the Act to direct the Secretary of Agriculture to convey certain mineral interests, approved September 6,
3 1950 ([Public Law 760] 7 U.S.C. 1033-1039), as follows:

LOAN AUTHORIZATION

* * *: Provided, That not to exceed the foregoing several amounts shall be borrowed in one account from the Secretary
4 of the Treasury [, and, hereafter, such sums annually for the purposes of this paragraph as the Congress may determine by provision in appropriation acts, on the request of the Secretary of Agriculture, at such rate of interest as may be determined by the Secretary of the Treasury, but not in excess of 3 per centum per annum; and the Secretary of the Treasury is hereby authorized and directed to lend such sums to the Secretary upon the security of any obligations of borrowers from the Secretary under the provisions of said Acts: Provided further, That the Secretary may utilize proceeds from payments of principal and interest under such Acts to repay the Secretary of the Treasury the amounts borrowed therefrom for the purposes of such Acts: Provided further, That for the purpose of making loans pursuant to the foregoing authority, the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include such loans to the Secretary: Provided further, That repayments to the Secretary of the Treasury on such loans shall be treated as a public-debt transaction] in accordance with the provisions set forth under this head in the Department of Agriculture Appropriation Act, 1952.

The first change is for the purpose of incorporating into the preamble, citation to the Act approved August 23, 1951 (Public Law 123) amending the Bankhead-Jones Farm Tenant Act. This Act increased the maximum limit on initial production and subsistence loans from $3,500 to $7,000, increases the total outstanding debt limit from $5,000 to $10,000, extends the maximum repayment period from five to seven years and permits the deferment of annual repayments on loans for the first two years.

The second and third changes are for the sole purpose of substituting U. S. code citations in lieu of the public law references.

The fourth change is for the purpose of deleting language included in the Department of Agriculture Appropriation Act, 1952, authorizing and prescribing terms and conditions under which loan funds may be borrowed from the Secretary of the Treasury. This language is permanent legislation and therefore retention in 1953 is not necessary. New language is proposed as a reference to the permanent authority provided in the 1952 Agricultural Appropriation Act.

(b) Salaries and Expenses

Appropriation Act, 1952	$27,825,000
Anticipated pay adjustment supplemental	1,745,000
Base for 1953	29,570,000
Budget Estimate, 1953	29,350,000
Decrease	-220,000

SUMMARY OF DECREASES, 1953

Decrease due to providing a direct appropriation to the General Services Administration for certain leasing costs previously paid from this appropriation	-23,000
Decrease due to partial absorption of pay adjustment costs	-197,000

PROJECT STATEMENT

Project	1951	1952 (estimated)	Decrease	1953 (estimated)
Administration of loan, grant, and insured mortgage programs	$27,869,946	$29,570,000	-$220,000	$29,350,000
Unobligated balance	329,806	- -	- -	- -
Total pay adjustment costs	[- -]	[2,057,750]	[-3,650]	[2,054,100]
Total available or estimate	28,199,752	29,570,000	-220,000	29,350,000
Transfer in 1952 estimates to "General Services Administration"	+248	- -		
Reduction pursuant to Sec. 1214	+300,000	- -		
Anticipated pay adjustment supplemental	- -	-1,745,000		
Total appropriation or estimate	28,500,000	27,825,000		

CHANGE IN LANGUAGE

The estimates include proposed changes in language as follows (new language underscored; deleted matter enclosed with brackets):

SALARIES AND EXPENSES

For the making, servicing, and collecting of loans and insured mortgages, the servicing and collecting of loans made under prior authority, the liquidation of assets transferred to Farmers' Home Administration pursuant to the Farmers' Home Administration Act of 1946, the extension of financial assistance under the Housing Act of 1949, and the administration of assets transferred under subsection 2 (f) of the Act of May 3, 1950, [$27,825,000] $29,350,000, together with a transfer to this appropriation item of not to exceed [$230,000] $325,000 of the fees and administrative expense charges made available by subsections (d) and (e) of section 12 of the Bankhead-Jones Farm Tenant Act, as amended.

This change proposes to increase from $230,000 to $325,000 the amount authorized to be transferred to this appropriation from the "Farm Tenant-Mortgage Insurance Administrative Fund". Receipts to this fund in 1952 available for administrative expenses in 1953 are estimated at about $225,000, but the larger figure has been included in the appropriation language to provide for possible increased activity beyond the estimates with resulting increased receipts to the Fund and administrative expense requirements to service the added loans.

(c) Grants

Appropriation Act, 1952	- -
Budget Estimate, 1953	- -

Note: On an available funds basis, it is estimated that $140,772 and $128,000 will be available in fiscal years 1952 and 1953, respectively, from prior year balances.

SUMMARY OF DECREASES, 1953

(On the basis of available funds)

Decrease in funds available for farm housing repair and improvement grants (1952 and 1953 estimated obligations are from 1951 unobligated appropriation balances)	-$12,772

PROJECT STATEMENT
(On the basis of available funds)

Project	1951	1952 (estimated)	Decrease	1953 (estimated)
1. Farm housing repair and improvement grants	$131,228	$140,772	-$12,772	$128,000
Reduction pursuant to Sec. 1214	250,000	- -	- -	- -
Prior year balance available	- -	-268,772	+140,772	-128,000
Balance available in subsequent year	+268,772	128,000	-128,000	- -
Total appropriation or estimate	650,000	- -	- -	- -

STATUS OF PROGRAM

Direct and Insured Farm Ownership Loans and Farm Housing Loans and Grants

Title I of the Bankhead-Jones Farm Tenant Act as amended authorizes direct and insured farm ownership loans for the purchase and improvement of family-type farms and for the enlargement and improvement of undersized and under-developed farms. Title V of the Housing Act of 1949 authorizes loans and grants to owners of farms for the construction, improvement, alteration, repair or replacement of dwellings and other farm buildings. Loans for enlargement and development are also authorized on certain farms receiving loans for buildings.

A total of $40,500,000 was authorized in the 1951 fiscal year (borrowing authorization of $65,000,000 less reserve of $24,500,000 under section 12l4 of the Act), for direct farm ownership and farm housing loans. This amount was allocated between the programs with $22,276,000 being made available for farm ownership loans and $18,224,000 available for farm housing loans. There was also available in 1951 for farm housing loans, $7,807,572 unobligated from the 1950 borrowing authorization. Within the total of $22,276,000 for farm ownership loans, $2,700,000 was allocated exclusively for loans to settlers on reclamation projects and to homestead entrymen on public lands. The balance of $19,576,000 was made available among the states and territories in accordance with the statutory formula for distribution of funds based on farm population and the prevalence of of tenancy.

The Department of Agriculture Appropriation Act of 1952 again combined the funds to be borrowed from the Secretary of the Treasury for direct farm ownership and farm housing loans, thus making $38,000,000 available interchangeably for these two programs. There is also $2,087,001 available in 1952 for farm housing loans from the unobligated portion of the amount available in 1951 for such loans.

Direct and Insured Farm Ownership Loans

Record high and sustained agricultural production is required to meet the needs of a rapidly growning population, the demands resulting from an accelerated defense program and the necessity of providing aid for foreign countries. Most of this increased production must come from better utilization of our present acreage since new lands which may be brought into production are limited. The Farm Ownership program, particularly through its emphasis on its farm enlargement and development loans, can make a substantial contribution to the increased and sustained production of agricultural commodities through the extension of credit to stabilize ownership and promote more efficient use of land and labor resources.

Through the Farm Ownership program eligible farm tenants, sharecroppers and farm laborers may purchase family-type farms and the owners of under-size or under-developed farms may enlarge their farms or develop them into efficient family-type farm units. Preference is given to veterans and special provisions are made for loans to disabled veterans. Farm

ownership loans are available only to those farm families unable to obtain credit at reasonable rates and terms from other sources.

In addition to credit, borrowers are provided with practical on-the-farm guidance as required to assist them in making adequate and economical improvements to their farms and farm buildings and to assist in adopting improved farm and home management practices and making other adjustments necessary to place their farming operations on a sound and profitable basis. These loans, together with assistance and on-the-farm guidance are designed to help farmers become established on farms and develop efficient farm and home operations which adequately utilize their land and labor resources.

1. Source of Funds: Direct loans are made from Federal funds in amounts up to 100% of the value of the farm and necessary repairs and improvements. Similar loans made by private lenders up to 90% of the value of the farm and necessary repairs and improvements may be fully insured by the Government.

2. Terms of Loans: Loans are amortized over a 40-year period except that in accordance with Public Law 123, 83nd Congress, approved August 23, 1951, deferment of payments may be made to the end of the second full crop year where basic adjustments required in placing the farm in operation will result in little cash beyond that needed for operating and family living expenses during the early years of development. On loans made since June 19, 1948, direct loan borrowers pay 4% interest and insured loan borrowers pay 3% interest plus 1% annual mortgage insurance charge. Borrowers are required to refinance their loans with responsible private or cooperative credit sources whenever they are able to obtain such refinancing at reasonable rates and terms. Provision is made, however, in the case of insured mortgage loans for the holder of the insured mortgage to retain a loan that could be refinanced by other lending institutions until such time as the holder may be able to refinance the loan on an uninsured basis under laws or regulations to which he may be subject. Provision is made for the purchase of nondelinquent insured mortgages expected after January 1, 1952, from private lenders after an initial fixed period of not less than 5 years from the date of the insured mortgage. Before that date the period of waiting was 7 years. Such purchases are made from the Farm Tenant-Mortgage Insurance Fund established for the purposes of paying losses, etc.

3. Types of Loans:

Farm ownership loans are of three types:

A. Tenant purchase loans to buy and develop efficient family-type farms

B. Farm enlargement loans to buy additional land to convert undersized units into efficient family-type farms

C. Farm development loans to develop under-improved units into efficient family-type farms.

4. Limitations on Loans: Loans are limited by statute to farms which have a value as acquired, enlarged, or improved not in excess of the average value of efficient family-type farm management units in the county where the loan is made. As an additional limitation, it has been determined that loans between $12,000 and $15,000 must have special authorization by the State Director and loans in which the investment will be in excess of $15,000 must have special authorization by the Administrator. To protect the borrowers against purchase of farms at excessive values or the establishment of excessive debts for improvement, each loan must be supported by a normal earning capacity appraisal based on long-time yields, prices, and production costs made by a competent appraiser. As a further safeguard, the fair and reasonable value of each farm based upon its normal earning capacity after contemplated improvements are made is determined by a local committee composed of three men, at least two of whom are farmers. No loan may be made in the excess of the amount certified by the county committee to be the fair and reasonable value of the farm.

5. Distribution of Funds: Except for a portion of direct loan funds which may be distributed in accordance with the needs of settlers on reclamation projects and to homestead entrymen on public land, the direct loan funds are distributed among the states and territories on the basis of farm population and the prevalence of tenancy. Each State is allowed a minimum of $100,000 and adjustments among states may be made to take care of applications of veterans. In accordance with Public Law 123, 75% of the insured loan authorizations are distributed by the formula containing factors relating to farm population and prevalence of tenancy. The remaining 25% of the insured authorizations may be distributed by the Administrator in accordance with the relative need in the various areas of the country.

6. Progress of Program:

A. Demand: Demand for farm ownership loans continued at the historical rate of about 20 applications considered for each loan approved during the 1951 fiscal year. Unprocessed applications on hand on June 30, 1951, totaled 33,906, of which 19,518 were from veterans.

See Tables I and II for distribution by states

B. Loans: Initial Farm Ownership Activity

(1) Direct Loans

On June 30, 1951, a total of about 57,800 loans for more than $362,431,000 had been made since inception of the program in 1938. A total of 2,076 families including 230 families on reclamation projects and homestead entrymen on public land received initial loans in the 1951 fiscal year from Federal funds. Consistent with the veterans preference provision of the Farmers Home Administration Act of 1946, 1,783 of the 1,846 loans on other than reclamation projects were

to veterans. Continued demand from veterans during the 1952 fiscal year is expected to absorb practically all of the funds available under the distribution formula for initial loans. On reclamation projects, 155 of the 230 initial loans were made to veterans and 75 to non-veterans. Direct loan activity from funds available under the distribution formula is shown in the following table.

Fiscal Year	Initial Veteran Loans Number	Initial Veteran Loans Amount	Percent Loans to Veterans	Total All Initial Loans Number	Total All Initial Loans Amount
1947	3,017	$23,581,255	55	5,506	$41,795,560
1948	1,448	10,524,446	79	1,829	13,422,449
1949	1,460	10,827,510	78	1,867	13,739,183
1950	1,691	13,408,394	99	1,712	13,570,143
1951	1,783	16,067,429	97	1,846	16,593,182
1952(Est)	1,535	13,810,860	97	1,582	14,238,000

See Tables I, II and III for distribution by states

(2) Insured Loans

The insured farm ownership loan program continued to expand during the first three quarters of the 1951 fiscal year. However, due to "tightening" of the money market, most private institutional lenders withdrew from investments of this type in March of 1951. During the fiscal year 2,205 initial loans were insured, including 663 for veterans. Insured loan activity is shown in the following table.

Fiscal Year	Initial Veteran Loans Number	Initial Veteran Loans Amount	Percent Loans to Veterans (Number)	Total All Initial Loans Number	Total All Initial Loans Amount
1948	58	357,550	17	338	$2,412,837
1949	316	2,020,910	27	1,153	7,971,591
1950	700	4,952,841	32	2,204	16,676,606
1951	663	5,017,713	30	2,205	17,870,799
1952(Est)	300	2,460,000	30	1,000	8,200,000

See Tables I, II and IV for distribution by states

The relatively low proportion of insured loans made to veterans is primarily the result of many veterans being unable to meet the 10 percent down payment requirement of the insured loan program.

All applicants are considered for insured loans before being considered for direct loans, but the down payment requirement cannot be met by many otherwise qualified applicants, both veteran and non-veteran.

The present reluctance of private lenders to invest in insured farm ownership loans makes it increasingly important that direct loan funds be available in adequate amounts to serve the needs of both veteran and non-veteran borrowers.

C. The following table shows the number of initial tenant purchase, farm development and farm enlargement loans in recent years, including both direct and insured loans:

Fiscal Year	Tenant Purchase Loans	Farm Enlargement Loans	Farm Development Loans	Percent of No. of Total Loans Made for Enlargement and Development
1947	5,000	290	216	9.2
1948	1,724	152	291	20.4
1949	1,981	268	771	34.4
1950	2,120	430	1,366	45.9
1951	2,041	600	1,640	52.3

Increased emphasis has been given to the making of both direct and insured loans for enlarging and developing inadequate and under-developed farms. Farm families occupying farms that are too small or lack adequate development are faced with the problem of under-employment resulting from insufficient land resources to permit efficient utilization of available family labor and managerial ability. This results in inadequate incomes. Studies of the Senate Committee on the Economic Report indicate that 1,000,000 farm families, 570,000 of which are farm owners, have inadequate land resources to provide productive employment for the available family labor. Assistance to these families in developing farms of adequate size and efficiency permits fuller use of manpower, increased production of agricultural commodities, increased income and greater economic stability. Enlargement and development loans attack in a practical and effective manner some of the most basic and difficult problems involved in strengthening family farms in America. In making farm enlargement or farm development loans, the amount of the loan contains sufficient funds to pay off existing mortgages so that this agency may secure a first mortgage on the entire property, as required by the Act.

D. Loan Repayments:

(1) Direct Loans

From the inception of the Farm Ownership program in 1938 through March 31, 1951, a total of 63,441 families had been advanced $378,973,511 for the purchase, enlargement and development of farms. Principal payments of $194,259,988 and interest payments of $50,826,237 had been made. As of March 31, 1951, cumulative scheduled installments of $57,059,553 were due from the 37,770 borrowers with out-

standing loan balances, but regular principal and interest payments made on these installments were $72,385,749, which was 27 percent or $15,326,196 more than required on a scheduled amortization basis. An additional $10,282,109 in refunds and extra payments not applied to scheduled installments were credited to these borrowers' accounts. On the same date, 23,140 borrowers were ahead of schedule $18,430,619, an average of $796 each; 6,882 were on schedule; and 7,748 were behind schedule $3,104,423, an average of $401 each.

A total of 25,671 of the 63,441 families who had received loans had paid their loans in full as of March 31, 1951. Of this number, 16,767 or about 65 percent, including 2,560 who refinanced their loans through other credit sources, continued to operate the farms acquired through this program. The remaining 8,904 borrowers paid their loans in full but no longer operated the farms acquired through this program.

See Table V for distribution by states

(2) Insured Loans

As of March 31, 1951, $36,719,305 had been advanced under the insured mortgage program to 4,869 farm families for the purchase, enlargement, and development of farms. Repayments by insured mortgage borrowers totalled $2,907,581 as of the same date. Of this amount, $1,595,635 represented principal payments, $926,611 payments on interest, and $385,335 payments to the mortgage insurance fund. As of March 31, 1951, 71 insured mortgage borrowers had paid their loans in full. Of those still active, 1,726 were ahead of schedule; 2,773 were on schedule and 299 were behind schedule.

See Table VI for distribution by states

E. Progress of Borrowers: The 1,456 farm ownership borrowers who received loans in 1939, which loans were still outstanding in 1950, had increased their average net worth from $1,528 to $8,473, an increase of 454 percent since the year before acceptance on the program. The value of workstock and equipment increased from $452 the year before acceptance to $2,239 in 1950. Some of these increases occurred through price changes, but they resulted primarily from increased production made possible by sustained, efficient farm and home operations. Cash farm income increased from $855 for the year before acceptance to $3,677 in the fiscal year 1950 an increase of 66 percent after adjustment for price changes.

Substantial increases in production were obtained by those families who borrowed exclusively for the purpose of enlarging or developing farms already owned. A study of 42 borrowers

receiving farm development and enlargement type loans during 1944 and 1945 showed a 64 percent increase in gross farm income after adjustment for price changes. This 64 percent increase in gross farm income was achieved with only a 24 percent increase in the number of acres in the farm, and a 35 percent increase in the number of acres in crops.

Farm Housing Loans and Grants

The need for record high levels of agricultural production, the revoluntionary changes both in agricultural practices and patterns of agriculture, and the growing scarcity of farm labor make adequate and appropriate farm building essential to efficient operations. Through the farm housing program owners of farms unable to obtain credit from other sources at rates and on terms which they can be expected to repay are assisted not only in providing decent, safe and sanitary housing for humans but also in providing adequate and appropriate farm buildings for the production of livestock and livestock products, for storage facilities, and for other essential farm uses.

1. Type of Loans and Grants: Loans and grants of the following types are made under the farm housing program.

 A. Building Loans:

 (1) Loans for such purposes as construction, improvement, alteration, repair or replacement of dwellings and other farm buildings are made under the following authorities:

 a. Under Section 502 of the Farm Housing Act loans are made to applicants with income sufficient to meet regular amortization payments of principal and interest.

 b. Under Section 503 of the Act loans are made to applicants who must make basic changes in their farm program before the income will be sufficient to meet annual payments of principal and interest.

 (2) Under Section 504(a) loans or loans in combination with grants are made to farm owner-occupants to cover the cost of minor improvements and repairs necessary for the safety and health of the occupant, his family or the community.

 B. Enlargement and Development Loans: Under the authorization of Section 504(b) loans are made for farm enlargement and development in connection with other loan or grant assistance for dwellings and other farm buildings under the authorization of Section 503 and Section 504(a). This type of assistance is designed to encourage adequate

family-size farms and to provide the borrower income sufficient to support decent, safe and sanitary housing and other farm buildings.

C. Repair and Improvement Grants: Under Section 504(a) grants alone or in combination with loans are authorized to cover the cost of repairs and improvements necessary for the safety and sanitation of the occupant, his family or the community. Grants alone are made only to owner-occupants unable to repay a loan for such purposes as repairing roofs, providing toilet facilities, providing a sanitary water supply, supplying screens or making other repairs or improvements.

2. Limitation on Loans and Grants Authorized by Section 504(a): The Act limits individual loan and grant assistance under Section 504(a) to a total of $1,000. Grant assistance, whether or not combined with a loan may not exceed $500.

3. Terms of Loans: Under Section 502 and 503 of the Housing Act of 1949 loans may be made for periods of not to exceed 33 years and interest is charged at 4 percent per annum. Borrowers under Section 503 may receive credits as necessary during the first five years of the loan up to the amount of the interest payment and one-half of the principal payment. Section 504(a) loans, by administrative limitation, may not be made for periods exceeding 10 years and are not generally made for more than 5 years.

4. Supervision and Technical Services: Engineers and local Farmers Home Administration county supervisors furnish technical services to borrowers in connection with building plans, specifications, construction supervision and inspection, and advice and information regarding farm dwellings and other buildings. Borrowers under Section 503 are given assistance as needed by county supervisors in making adjustments in their farm and home operations.

5. Progress of Program:

A. Applications: During the fiscal year 1951 written applications for farm housing loan or grant assistance were received from 14,805 families, of which 6,046 or 41 percent were from veterans.

B. Loans and Grants: Since the inception of the farm housing program in October 1949 to June 30, 1951, loans totalling $41,325,320 have been made to 8,954 families and grants totalling $218,154 have been made to 474 families. Sixty-nine of the 474 grants were made to families who received combination loans and grants. The major portion of the building funds, namely $34,554,570 was advanced for dwelling construction and repair. A total of 4,663 new dwellings and repairs to 3,647 additional farm houses have been financed with farm

housing funds. The average planned construction cost of new houses during the 1951 fiscal year was $6,073, including loan funds and cash contributions by borrowers. The average cash cost of new dwellings planned during 1950 fiscal year was $5,384. This relatively low cost of homes financed with farm housing loans is largely a result of borrowers making extensive use of salvage and locally produced materials and utilizing a substantial amount of family labor to do the construction work. Consequently, there is little competition from this operation for labor and materials used in commercial construction and in the defense effort.

OF the 5,375 families receiving initial farm housing loans and grants during the 1951 fiscal year 2,086 or 39 percent were veterans. The following table shows the number and amount of loans made during the 1950 and 1951 fiscal years.

Fiscal Year	Total Initial Loans and Grants		Initial Loans and Grants to Veterans		
	Number	Amount	Number	Percent	Amount
1950	3,984	$17,467,675	1,533	38	$6,791,476
1951	5,375	23,895,204	2,086	39	9,588,820
1952 (Est)	4,695	20,718,270	1,831	39	8,080,125

The number of farm owners receiving farm housing financial assistance of various types is shown in the following table:

Type of Assistance	Number During 1950 Fiscal Year	Number During 1951 Fiscal Year	Estimated Number During 1952 Fiscal Year
Section 502 loans	3,535	4,817	4,115
Section 503 loans	219	226	214
Section 504 loans only	33	55	67
Section 504 loans with grants	32	37	74
Section 504 grants only	165	240	225
Totals	3,984	5,375	4,695

See Table VII for distirbution by states

C. Use of Funds: During the fiscal year 1951 the following improvements were planned with farm housing initial loan and grant funds, including cash investments by borrowers:

Type of Improvement	Number	Cost	Average Planned Cost
New dwellings	2,494	$15,145,243	$6,073
Repairs to dwellings	2,085	4,594,726	2,204
New farm service buildings	2,611	3,833,824	1,468
Repairs to farm service buildings	1,256	781,175	622
Water system	1,996	797,119	399
Land development loans	174	183,588	1,055
Land purchase loans	51	170,611	3,345

See Table VIII for distribution by states

Improved housing made possible through assistance received under the farm housing program has eliminated over-crowding and made possible the correction of many unsafe and unsanitary housing conditions which existed prior to the receipt of such assistance. The construction of new and repairs to existing farm service buildings has enabled borrowers to make better use of their land and labor resources. Through assistance in the fields of land development and land purchase, owners of uneconomic units have been given the assistance necessary to enable them to convert their holdings into economic units on which they may be expected to carry on successful farming operations. Through this assistance, not heretofore available, many farmers have been able for the first time to provide decent, safe and sanitary homes for their families, increase their production and incomes and achieve greater economic stability.

D. Loan Repayments: Of the 5,590 borrowers with payments due December 31, 1950, 18 percent were ahead of schedule an average of $113, 5 percent paid an average of $80 less than was due on that date and 77 percent were on schedule.

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FARMERS HOME ADMINISTRATION

Table I Farm Ownership: Total Loan Applications and Number of Direct Initial Loans Made and Insured Commitments, 1950 and 1951 Fiscal Years and Cumulative From Inception of Program

State and territory	1950 fiscal year					1951 fiscal year						Direct loans made 1938 through 1951 fiscal years		Insured commitments 1948 through 1951 fiscal years	
	Number of loan applications			Number of direct loans made	Number of insured commitments	Number of loan applications				Number of direct loans made	Number of insured commitments	Number	Average amount 1/	Number	Average amount 1/
	On hand beginning of year	Received during year	Total for consideration			On hand beginning of year	Received during year	Total for consideration	On hand end of period						
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
U. S. Total	41,244	51,238	92,482	1,712	2,204	45,110	37,214	82,324	33,906	2,076	2,205	57,805	$6,255	5,900	$7,626
Alabama	3,148	3,140	6,288	70	16	3,345	2,217	5,562	2,395	111	93	3,830	4,844	146	6,250
Arizona	63	88	151	3	1	61	63	124	33	5	4	73	9,826	6	11,383
Arkansas	2,699	2,998	5,697	81	38	2,663	1,984	4,647	1,812	74	82	3,130	4,745	143	5,198
California	343	332	675	18	12	330	278	608	226	16	4	392	9,567	19	9,833
Colorado	302	536	838	10	33	487	491	978	399	26	39	346	9,816	80	10,177
Connecticut	22	59	81	2	0	32	47	79	29	3	3	40	9,601	3	9,293
Delaware	28	14	42	0	1	3	21	24	4	0	5	79	6,384	7	7,597
Florida	762	625	1,387	18	8	708	719	1,427	533	27	34	506	5,467	44	7,317
Georgia	4,046	5,067	9,113	74	140	4,306	3,555	7,861	3,463	117	108	4,853	4,411	330	5,312
Idaho	459	625	1,084	38	39	583	406	989	368	102	39	506	8,857	80	9,312
Illinois	415	632	1,047	14	31	607	440	1,047	384	35	22	915	9,133	72	7,566
Indiana	713	1,144	1,857	26	37	994	942	1,936	993	41	57	837	8,798	126	10,068
Iowa	883	1,295	2,178	65	110	1,181	1,003	2,184	1,113	74	95	1,200	9,114	250	9,633
Kansas	846	1,157	2,003	62	80	1,034	940	1,974	838	53	61	1,112	8,979	271	9,342
Kentucky	1,115	1,043	2,158	22	9	985	664	1,649	543	18	16	1,103	7,293	42	8,671
Louisiana	1,303	1,547	2,850	28	18	1,481	943	2,424	881	32	45	1,686	5,798	78	6,445
Maine	172	194	366	9	26	128	177	305	115	9	26	161	6,866	52	6,623
Maryland	142	219	361	11	15	175	149	324	151	13	14	306	7,618	48	7,581
Massachusetts	74	129	203	6	1	98	69	167	50	2	3	85	8,336	7	8,972
Michigan	534	714	1,248	18	75	439	511	950	351	21	67	872	6,397	214	8,048
Minnesota	586	1,729	2,315	126	114	976	977	1,953	591	102	93	2,234	5,651	331	7,578
Mississippi	2,621	3,472	6,093	142	35	3,197	2,537	5,734	2,307	86	105	4,045	5,688	165	5,149
Missouri	2,237	3,017	5,254	126	152	2,605	2,384	4,989	2,146	179	126	2,466	6,198	468	6,450
Montana	252	485	737	15	27	404	234	638	189	15	23	388	7,867	55	11,059
Nebraska	707	823	1,530	31	32	773	1,044	1,817	1,013	38	40	832	10,128	104	10,134
Nevada	68	57	125	8	0	42	46	88	38	7	1	39	10,974	1	12,600
New Hampshire	70	66	136	2	2	44	39	83	28	1	1	38	5,990	3	8,693
New Jersey	113	226	339	17	20	84	126	210	52	6	18	224	9,138	54	9,313
New Mexico	112	173	285	8	16	104	163	267	118	19	15	209	10,310	31	10,713
New York	185	327	512	9	24	196	278	474	141	9	36	645	6,466	85	6,548
North Carolina	2,000	2,879	4,879	79	122	2,684	2,047	4,731	2,001	138	115	3,294	4,852	299	5,550
North Dakota	474	647	1,121	24	57	527	537	1,064	433	35	53	651	7,812	150	9,102
Ohio	611	1,292	1,903	35	40	973	1,050	2,023	685	49	47	1,007	7,997	101	8,153
Oklahoma	1,387	1,924	3,311	102	72	1,801	1,537	3,338	1,514	89	87	3,058	6,112	187	8,300
Oregon	244	293	537	5	34	257	176	433	119	43	14	425	6,988	54	9,679
Pennsylvania	544	979	1,523	33	87	674	614	1,288	472	29	80	895	6,256	218	6,443
Rhode Island	7	5	12	0	0	7	5	12	4	0	0	5	8,014	0	0
South Carolina	1,425	1,197	2,622	41	41	1,121	822	1,943	831	39	59	2,411	4,666	115	5,916
South Dakota	550	663	1,213	15	64	640	704	1,344	660	26	58	624	8,219	145	10,129
Tennessee	1,776	2,049	3,825	64	46	1,842	1,499	3,341	1,378	62	59	2,044	5,842	113	6,793
Texas	3,305	2,757	6,062	76	195	2,529	1,737	4,266	1,470	92	104	4,781	7,924	396	8,851
Utah	393	346	739	37	19	334	225	559	191	25	11	316	9,716	33	10,130
Vermont	118	178	296	4	4	147	109	256	49	4	1	152	6,440	7	6,154
Virginia	554	750	1,304	18	34	749	549	1,298	869	39	56	1,061	5,842	97	8,084
Washington	594	536	1,130	21	36	520	363	883	355	43	16	370	8,390	57	10,453
West Virginia	318	478	796	23	13	378	368	746	253	25	18	584	5,065	48	5,474
Wisconsin	635	1,284	1,919	31	209	747	807	1,554	554	40	130	1,685	4,943	523	6,918
Wyoming	37	107	144	3	6	65	159	224	56	46	9	247	8,393	16	10,832
Alaska	1	7	8	0	0	7	5	12	2	2	0	7	10,473	0	0
Hawaii	85	123	208	4	13	74	88	162	77	3	13	252	6,366	26	8,579
Puerto Rico	1,160	804	1,964	35	0	969	357	1,326	628	6	0	779	5,264	0	0
Virgin Islands	6	7	13	3	0	0	9	9	1	0	0	5	3,118	0	0

Note: This table includes Tenant Purchase, Farm Enlargement, and Farm Development loans from appropriated funds and such loans made by private lenders which are insured by the Government.

1/ Average amount of initial and subsequent loans.

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FARMERS HOME ADMINISTRATION

Table II - Farm Ownership: Loan Applications From Veterans Only, Number of Direct Initial Loans Made and Insured Commitments, and Average Amount, 1950 and 1951 Fiscal Years and Cumulative From 1945

State and territory	1950 fiscal year							1951 fiscal year								Direct loans made 1945 through 1951 fiscal years		Insured commitments 1948 through 1951 fiscal years	
	Number of loan applications			Direct loans made		Insured commitments		Number of loan applications				Direct loans made		Insured commitments					
	On hand beginning of year	Received during year	Total for consideration	Number	Average amount	Number	Average amount	On hand beginning of year	Received during year	Total for consideration	On hand end of period	Number	Average amount	Number	Average amount	Number	Average amount 1/	Number	Average amount 1/
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
U. S. Total.....	24,512	31,988	56,500	1,691	$7,929	700	$7,075	28,314	21,627	49,941	19,518	1,938	$9,193	663	$7,568	11,533	$8,104	1,737	$7,120
Alabama.....	2,105	2,294	4,399	69	6,307	7	5,704	2,462	1,416	3,878	1,551	107	7,647	30	6,632	516	6,755	51	6,200
Arizona.....	53	70	123	3	10,667	0	0	48	49	97	26	4	10,889	3	12,150	34	10,917	3	12,150
Arkansas.....	1,732	2,045	3,777	81	4,795	7	4,608	1,781	1,190	2,971	1,064	73	6,458	18	4,868	691	5,286	35	4,583
California.....	200	228	428	18	10,173	4	9,762	219	174	393	154	14	9,629	1	9,000	82	10,913	6	9,418
Colorado.....	174	314	488	10	10,504	6	8,232	273	273	546	209	20	11,994	10	10,676	78	11,272	18	9,767
Connecticut.....	15	43	58	2	11,122	0	0	22	14	36	11	3	8,780	0	0	18	9,884	0	0
Delaware.....	13	8	21	0	0	0	0	1	6	7	2	0	0	1	5,100	19	7,492	1	5,100
Florida.....	520	491	1,011	17	6,160	6	6,483	522	520	1,042	385	27	9,144	20	7,262	173	7,278	27	6,931
Georgia.....	2,827	3,092	5,919	74	5,572	76	4,685	2,985	1,975	4,960	1,933	104	7,263	34	6,568	632	6,154	146	5,114
Idaho.....	313	406	719	37	10,425	1	7,100	389	258	647	236	80	10,920	5	10,935	249	10,624	7	10,211
Illinois.....	180	313	493	14	9,528	5	7,002	254	239	493	169	30	9,329	1	4,500	86	8,754	10	6,480
Indiana.....	292	546	838	25	10,188	4	7,736	465	515	980	501	41	10,487	6	10,562	140	9,681	11	8,992
Iowa.....	391	661	1,052	65	10,416	15	8,632	579	504	1,083	542	74	12,047	11	9,670	205	10,565	30	8,773
Kansas.....	396	605	1,001	62	10,246	12	9,771	491	512	1,003	431	53	10,831	13	9,325	312	9,990	45	9,290
Kentucky.....	604	636	1,240	22	8,242	0	0	599	393	992	330	15	9,509	2	8,232	122	8,839	7	7,947
Louisiana.....	799	978	1,777	27	7,447	8	5,616	1,026	551	1,577	519	32	8,317	23	6,607	198	7,036	33	6,317
Maine.....	142	127	269	9	7,837	18	6,450	82	107	189	75	9	7,567	19	6,964	109	7,585	37	6,714
Maryland.....	65	106	171	11	8,135	3	6,733	84	80	164	75	13	9,427	2	6,050	93	8,710	6	6,358
Massachusetts.....	43	90	133	5	9,759	0	0	69	46	115	36	2	8,900	1	9,217	51	9,236	1	9,217
Michigan.....	276	417	693	17	10,148	37	7,830	244	268	512	208	21	9,890	30	7,697	183	9,583	83	7,642
Minnesota.....	300	962	1,262	126	7,184	30	7,115	503	585	1,088	326	102	9,864	24	8,306	555	7,236	76	7,193
Mississippi.....	1,573	2,678	4,251	141	6,187	16	4,567	2,414	1,482	3,896	1,378	77	6,945	56	4,890	761	6,920	88	4,938
Missouri.....	1,265	1,866	3,131	126	6,982	46	5,471	1,582	1,512	3,094	1,324	179	7,851	26	6,905	677	7,471	106	6,042
Montana.....	161	266	427	15	12,728	7	9,589	227	144	371	114	14	13,222	7	13,214	119	11,646	14	11,401
Nebraska.....	309	398	707	31	11,346	3	8,911	370	559	929	520	38	12,400	7	10,236	164	11,212	16	9,874
Nevada.....	42	38	80	6	10,533	0	0	27	31	58	24	5	10,900	0	0	28	11,155	0	0
New Hampshire.....	38	48	86	2	6,765	0	0	30	28	58	19	1	8,965	0	0	14	8,104	0	0
New Jersey.....	88	147	235	17	8,661	8	8,611	53	70	123	25	6	11,893	10	10,776	152	9,503	25	9,615
New Mexico.....	86	114	200	7	10,521	4	9,975	73	98	171	74	13	12,974	5	11,180	110	11,576	9	10,644
New York.....	102	182	284	9	7,957	10	6,276	103	150	253	85	9	9,367	9	6,055	247	7,351	27	6,268
North Carolina....	961	1,784	2,745	79	6,256	47	5,253	1,558	1,208	2,766	1,170	138	7,101	33	6,009	499	6,304	95	5,352
North Dakota.....	215	271	486	24	9,747	13	9,005	223	234	457	198	35	10,923	12	10,069	164	10,059	34	9,196
Ohio.....	330	796	1,126	35	8,994	11	7,718	590	590	1,180	378	43	9,121	12	6,603	167	8,818	28	7,394
Oklahoma.....	950	1,330	2,280	102	7,814	22	7,287	1,197	899	2,096	898	89	10,714	26	8,582	690	7,809	53	7,826
Oregon.....	136	141	277	5	11,880	4	9,650	131	76	207	59	16	11,569	0	0	89	11,319	4	9,650
Pennsylvania.....	338	616	954	33	7,067	36	6,579	447	329	776	266	29	7,577	25	6,020	293	6,871	81	6,247
Rhode Island.....	6	3	9	0	0	0	0	5	5	10	4	0	0	0	0	1	10,900	0	0
South Carolina....	872	782	1,654	41	6,145	12	4,784	717	531	1,248	545	37	7,864	26	6,318	238	6,385	43	5,927
South Dakota.....	260	338	598	15	10,841	20	10,400	326	389	715	247	26	11,823	18	11,090	115	10,470	41	10,596
Tennessee.....	1,078	1,355	2,433	64	7,022	10	5,970	1,215	863	2,078	852	55	8,463	14	7,671	301	7,569	26	7,046
Texas.....	1,992	1,520	3,512	73	10,340	84	9,305	1,405	996	2,401	838	85	10,594	41	9,167	972	9,956	161	8,820
Utah.....	326	268	594	37	11,446	10	10,408	255	134	389	123	24	10,859	1	10,575	240	10,813	12	10,590
Vermont.....	64	93	157	2	7,462	1	6,460	87	54	141	26	4	6,991	0	0	78	7,298	1	6,460
Virginia.....	272	478	750	18	8,410	14	7,388	470	348	818	555	39	8,831	26	8,814	126	8,382	40	8,314
Washington.....	373	299	672	21	10,937	9	10,019	341	221	562	176	33	12,681	2	11,800	105	11,441	13	10,413
West Virginia.....	213	333	546	23	5,673	3	4,570	265	240	505	168	24	6,646	9	5,298	107	6,317	15	4,932
Wisconsin.....	321	585	906	31	7,844	68	6,918	314	367	681	232	40	8,381	36	7,002	279	7,272	161	6,611
Wyoming.....	25	65	90	3	12,777	1	10,710	40	122	162	35	44	11,120	1	14,200	122	10,884	2	12,455
Alaska.....	1	5	6	0	0	0	0	5	4	9	2	2	12,000	0	0	7	10,473	0	0
Hawaii.....	42	55	97	4	9,912	2	6,280	42	25	67	25	3	11,673	7	10,106	34	8,950	9	9,256
Puerto Rico.....	630	697	1,327	32	8,661	0	0	704	243	947	375	6	7,308	0	0	86	7,045	0	0
Virgin Islands....	3	5	8	1	6,750	0	0	0	0	0	0	0	0	0	0	2	5,362	0	0

Note: This table includes Tenant Purchase, Farm Enlargement, and Farm Development loans from appropriated funds and such loans made by private lenders which are insured by the Government.

1/ Average amount of initial and subsequent loans.

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Table III - Farm Ownership Direct Loan Program: Use of Funds - Number of Direct Loan Borrowers, Amount Loaned, Including Estimated Amount Furnished by the Borrower, 1951 Fiscal Year

State and territory	Loans to new borrowers										Amount of loans to prior year borrowers	Total amount of loans
	Number	Amount of funds			Average amount of loan	Use of funds						
		Loans	Furnished by borrower	Total		Purchase of farm and incidental costs	Land improvement	Buildings other than dwellings	Dwellings, new and repair	Refinancing		
	1	2	3	4	5	6	7	8	9	10	11	12
U. S. Total:												
Percent distribution..	-	-	-	100.0%	-	53.5%	6.6%	10.2%	14.7%	15.0%	-	-
Amount.....	2,076	$19,234,749	$54,795	$19,289,544	$9,265	$10,324,316	$1,259,020	$1,969,723	$2,836,624	$2,899,861	$3,035,280	$22,270,029
Alabama.....	111	830,996	4,994	835,990	7,486	465,900	74,020	60,387	169,610	66,073	378,241	1,209,237
Arizona.....	5	55,555	1,217	56,772	11,111	36,730	1,850	4,025	7,600	6,567	2,775	58,330
Arkansas.....	74	480,251	3,996	484,247	6,490	206,367	51,050	44,875	93,035	88,920	158,028	638,279
California.....	16	161,215	50	161,265	10,076	52,675	27,900	25,800	22,250	32,640	22,748	183,963
Colorado.....	26	299,550	2,547	302,097	11,521	177,804	14,900	25,312	29,466	54,615	21,567	321,117
Connecticut.....	3	26,340	0	26,340	8,780	25,840	0	380	120	0	1,349	27,689
Delaware.....	0	0	0	0	0	0	0	0	0	0	252	252
Florida.....	27	246,895	735	247,630	9,144	138,820	31,325	11,015	55,345	11,125	23,156	270,051
Georgia.....	117	848,245	210	848,455	7,250	408,440	107,810	75,545	160,340	96,320	508,111	1,356,356
Idaho.....	102	1,116,745	295	1,117,040	10,948	200,535	113,485	219,460	419,215	164,345	27,199	1,143,944
Illinois.....	35	318,295	0	318,295	9,094	92,175	45,252	22,329	11,954	146,585	6,909	325,204
Indiana.....	41	429,970	1,000	430,970	10,487	266,552	19,323	38,375	10,100	96,620	44,025	473,995
Iowa.....	74	891,480	1,000	892,480	12,047	594,671	29,389	52,825	27,540	188,055	25,933	917,413
Kansas.....	53	574,055	1,856	575,911	10,831	362,243	20,040	66,018	57,695	69,915	22,920	596,975
Kentucky.....	18	170,992	1,764	172,756	9,500	60,300	28,221	18,680	17,525	48,030	21,699	192,691
Louisiana.....	32	266,156	140	266,296	8,317	139,885	17,511	21,683	75,067	12,150	153,860	420,016
Maine.....	9	68,107	1,000	69,107	7,567	49,860	550	14,117	1,380	3,200	26,328	94,435
Maryland.....	13	122,555	0	122,555	9,427	88,283	1,325	12,660	2,652	17,635	8,218	130,773
Massachusetts.....	2	17,800	0	17,800	8,900	10,695	1,700	625	1,030	3,750	10,039	27,839
Michigan.....	21	207,695	600	208,295	9,890	118,610	8,265	20,930	20,445	40,045	41,790	249,485
Minnesota.....	102	1,006,160	1,120	1,007,280	9,864	703,061	9,930	97,062	46,217	151,010	24,305	1,030,465
Mississippi.....	86	590,995	2,130	593,125	6,872	360,515	23,745	41,015	132,350	35,500	213,951	804,946
Missouri.....	179	1,405,360	190	1,405,550	7,851	687,532	121,948	144,025	100,920	351,125	85,722	1,491,082
Montana.....	15	199,550	0	199,550	13,303	83,155	10,550	19,505	41,550	44,790	31,104	230,654
Nebraska.....	38	471,205	115	471,320	12,400	392,600	12,230	29,940	23,600	12,950	14,664	485,869
Nevada.....	7	77,300	150	77,450	11,043	20,330	11,250	7,700	13,350	24,820	2,824	80,124
New Hampshire.....	1	8,965	0	8,965	8,965	8,535	0	430	0	0	1,761	10,726
New Jersey.....	6	71,360	200	71,560	11,893	41,200	1,650	7,705	505	20,500	15,486	86,846
New Mexico.....	19	238,585	2,300	240,885	12,557	100,070	21,350	25,620	58,520	35,325	35,917	274,502
New York.....	9	84,300	0	84,300	9,367	78,470	0	3,100	2,730	0	38,219	122,519
North Carolina.....	138	979,925	1,190	981,115	7,101	471,660	89,055	117,737	141,748	160,915	197,951	1,177,876
North Dakota.....	35	382,295	1,135	383,430	10,923	247,280	875	57,015	29,545	48,715	5,573	387,868
Ohio.....	49	447,370	1,650	449,020	9,130	300,748	26,280	39,451	20,018	62,523	18,151	465,521
Oklahoma.....	89	953,544	3,874	957,418	10,714	705,144	11,825	74,357	109,432	56,660	101,979	1,055,523
Oregon.....	43	514,600	1,400	516,000	11,967	111,540	27,810	70,795	97,175	208,680	30,249	544,849
Pennsylvania.....	29	219,729	0	219,729	7,577	122,535	4,882	26,850	5,612	59,850	17,634	237,363
Rhode Island.....	0	0	0	0	0	0	0	0	0	0	0	0
South Carolina.....	39	304,270	836	305,106	7,802	191,411	14,585	15,780	58,780	24,550	174,942	479,212
South Dakota.....	26	307,404	1,445	308,849	11,823	253,090	2,008	32,933	17,685	3,133	12,176	319,580
Tennessee.....	62	529,088	1,715	530,803	8,534	245,776	44,140	70,440	65,010	105,437	52,874	581,962
Texas.....	92	985,305	4,767	990,072	10,710	654,200	39,701	78,112	160,129	57,930	292,460	1,277,765
Utah.....	25	271,185	50	271,235	10,847	138,355	10,810	20,935	46,585	54,550	12,768	283,953
Vermont.....	4	27,965	0	27,965	6,991	24,595	850	1,300	1,220	0	7,579	35,544
Virginia.....	39	344,415	219	344,634	8,831	228,730	30,585	33,263	39,650	12,406	46,343	390,758
Washington.....	43	559,807	4,218	564,025	13,019	104,470	88,908	57,721	203,354	109,572	2,505	562,312
West Virginia.....	25	167,148	2,117	169,265	6,686	101,945	12,375	21,175	12,435	21,335	24,735	191,883
Wisconsin.....	40	335,235	760	335,995	8,381	229,995	5,400	34,080	7,600	58,920	33,752	368,987
Wyoming.....	46	515,920	1,810	517,730	11,216	164,707	31,252	102,576	187,120	32,075	16,047	531,967
Alaska.....	2	24,000	0	24,000	12,000	16,400	3,250	850	3,500	0	0	24,000
Hawaii.....	3	35,020	0	35,020	11,673	7,650	7,760	2,010	17,600	0	10,300	45,320
Puerto Rico.....	6	43,847	0	43,847	7,308	32,232	100	1,200	10,315	0	8,162	52,009
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0	0	0

Note: This table covers the loans made to Tenant Purchase, Farm Enlargement and Farm Development borrowers.

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Table IV - Farm Ownership Insured Loan Program: Use of Funds - Number of Insured Loan Borrowers, Amount of Insured Commitments, Including Estimated Amount Furnished by the Borrower, 1951 Fiscal Year

State and territory	Loans to new borrowers										Amount of loans to prior year borrowers	Total amount of loans
	Number	Amount of funds			Average amount of loan	Use of funds						
		Loans	Furnished by borrower	Total		Purchase of farm and incidental costs	Land improvement	Buildings other than dwellings	Dwellings, new and repair	Refinancing		
	1	2	3	4	5	6	7	8	9	10	11	12
U. S. Total:												
Percent distribution..	-	-	-	100.0%	-	44.9%	6.7%	11.0%	13.2%	24.2%	-	-
Amount.....	2,205	$17,870,799	$911,371	$18,782,170	$8,105	$8,425,199	$1,251,857	$2,075,603	$2,481,068	$4,548,443	$53,764	$17,924,563
Alabama.....	93	612,262	34,578	646,840	6,583	248,745	75,430	62,960	157,130	102,575	0	612,262
Arizona.....	4	46,900	1,200	48,100	11,725	3,475	4,500	8,275	15,950	15,900	0	46,900
Arkansas.....	82	461,971	7,050	469,021	5,634	107,874	63,685	54,620	114,380	128,462	1,800	463,771
California.....	4	43,125	1,100	44,225	10,781	11,900	5,650	7,050	2,950	16,675	0	43,125
Colorado.....	39	423,338	20,314	443,652	10,855	187,915	53,570	37,530	39,862	124,775	0	423,338
Connecticut.....	3	27,880	135	28,015	9,293	360	3,005	5,400	1,275	17,975	0	27,880
Delaware.....	5	38,580	2,060	40,640	7,716	18,033	880	5,216	1,486	15,025	0	38,580
Florida.....	34	257,195	11,680	268,875	7,565	126,877	52,493	10,790	39,015	39,700	0	257,195
Georgia.....	108	677,728	26,902	704,630	6,275	192,665	109,340	65,805	169,025	167,795	31,832	709,560
Idaho.....	39	370,207	8,900	379,107	9,492	72,162	40,885	43,355	108,795	113,910	0	370,207
Illinois.....	22	171,762	6,730	178,492	7,807	49,623	24,550	18,681	8,323	77,315	0	171,762
Indiana.....	57	641,653	37,360	679,013	11,257	329,486	42,470	62,074	43,808	201,175	0	641,653
Iowa.....	95	998,325	49,276	1,047,601	10,509	522,896	44,717	89,218	35,430	355,340	0	998,325
Kansas.....	61	632,197	45,284	677,481	10,364	390,146	21,310	62,222	57,553	146,250	0	632,197
Kentucky.....	16	140,978	6,302	147,280	8,811	41,583	18,691	21,110	21,170	44,726	0	140,978
Louisiana.....	45	301,515	15,026	316,541	6,700	115,026	30,040	15,375	106,215	49,885	0	301,515
Maine.....	26	180,240	11,391	191,631	6,932	94,030	1,700	35,737	13,421	46,743	0	180,240
Maryland.....	14	114,055	8,990	123,045	8,147	78,748	1,315	18,926	6,912	17,144	0	114,055
Massachusetts.....	3	23,712	200	23,912	7,904	350	3,100	3,980	4,390	12,092	0	23,712
Michigan.....	67	556,605	19,274	575,879	8,308	266,435	20,765	70,865	57,204	160,610	0	556,605
Minnesota.....	93	824,501	51,028	875,529	8,866	506,512	10,955	96,468	63,733	197,861	0	824,501
Mississippi.....	105	548,219	25,046	573,265	5,221	203,060	47,225	54,010	151,980	116,990	0	548,219
Missouri.....	126	932,987	37,976	970,963	7,405	359,466	95,500	108,163	78,608	329,226	0	932,987
Montana.....	23	285,130	8,470	293,600	12,397	73,852	22,996	23,500	37,760	135,492	2,990	288,120
Nebraska.....	40	424,854	23,516	448,370	10,621	248,029	14,800	37,900	35,900	111,741	0	424,854
Nevada.....	1	12,600	1,400	14,000	12,600	7,100	200	900	5,800	0	0	12,600
New Hampshire.....	1	12,000	0	12,000	12,000	10,035	0	1,765	200	0	0	12,000
New Jersey.....	18	183,692	18,245	201,937	10,205	111,557	4,085	31,870	2,075	52,350	0	183,692
New Mexico.....	15	169,250	11,850	181,100	11,283	47,392	9,900	20,400	53,750	49,658	0	169,250
New York.....	36	226,502	19,933	246,435	6,292	175,410	3,100	28,045	15,265	24,615	0	226,502
North Carolina.....	115	699,146	22,646	721,792	6,080	193,251	100,972	97,924	139,375	190,270	3,775	702,921
North Dakota.....	53	499,034	24,939	523,973	9,416	300,498	1,765	82,390	78,330	60,990	0	499,034
Ohio.....	47	381,344	16,764	398,108	8,114	161,817	28,957	39,906	17,720	149,708	0	381,344
Oklahoma.....	87	814,968	46,529	861,497	9,367	510,283	12,560	75,364	99,495	163,795	0	814,968
Oregon.....	14	138,830	2,800	141,630	9,916.	34,620	8,400	20,260	17,320	61,030	0	138,830
Pennsylvania.....	80	526,457	36,114	562,571	6,581	295,338	12,837	79,901	36,690	137,805	0	526,457
Rhode Island.....	0	0	0	0	0	0	0	0	0	0	0	0
South Carolina.....	59	365,434	10,124	375,558	6,194	104,850	30,425	45,165	86,705	108,413	6,750	372,184
South Dakota.....	58	621,272	45,881	667,153	10,712	412,919	8,858	91,907	63,329	90,140	0	621,272
Tennessee.....	59	435,855	15,920	451,775	7,387	156,691	42,835	58,110	66,110	128,029	0	435,855
Texas.....	104	949,190	55,055	1,004,245	9,127	587,137	41,150	76,985	186,463	112,510	0	949,190
Utah.....	11	102,160	1,085	103,245	9,287	39,255	4,460	8,875	18,710	31,945	0	102,160
Vermont.....	1	6,160	0	6,160	6,160	50	500	1,955	510	3,145	0	6,160
Virginia.....	56	479,561	25,805	505,366	8,564	211,247	49,995	61,660	71,245	111,219	0	479,561
Washington.....	16	178,085	1,260	179,345	11,130	17,390	29,130	27,979	21,286	83,560	0	178,085
West Virginia.....	18	108,162	1,870	110,032	6,009	25,855	11,050	19,485	11,597	42,045	0	108,162
Wisconsin.....	130	999,800	67,446	1,067,246	7,691	640,567	22,990	165,899	47,960	189,830	6,617	1,006,417
Wyoming.....	9	105,970	12,430	118,400	11,774	79,193	200	7,465	19,538	12,004	0	105,970
Alaska.....	0	0	0	0	0	0	0	0	0	0	0	0
Hawaii.....	13	119,408	13,487	132,895	9,185	53,496	17,916	12,163	49,320	0	0	119,408
Puerto Rico.....	0	0	0	0	0	0	0	0	0	0	0	0
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0	0	0

Note: This table covers the loans made to Tenant Purchase, Farm Enlargement, and Farm Development borrowers by private lenders, which are insured by the Government.

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Table V - Farm Ownership: Direct Loans - Number of Borrowers, Amount Loaned, and Payments, Cumulative Through March 31, 1951

State and territory	Total number of borrowers	Total amount loaned	Borrowers paid in full				Borrowers with unpaid balance as of March 31, 1951					
			Number	Payments			Number	Scheduled installments	Payments			
				Total	Principal	Interest			Total	Regular and advance payments made on scheduled installments		Extra payments and refunds
										Amount	As percent of schedule	
	1	2	3	4	5	6	7	8	9	10	11	12
U. S. Total	63,441	$378,973,511	25,671	$162,418,367	$141,832,680	$20,585,687	37,770	$57,059,553	$82,667,858	$72,385,749	127	$10,282,109
Alabama	4,452	20,001,532	2,002	9,100,793	7,955,613	1,145,180	2,450	3,067,276	4,525,122	3,596,419	117	928,703
Arizona	92	986,404	20	208,916	180,089	28,827	72	116,717	172,691	169,301	145	3,390
Arkansas	4,207	18,627,826	1,535	7,335,309	6,314,235	1,021,074	2,672	3,122,122	4,165,866	3,599,235	115	566,631
California	383	3,648,111	187	1,835,734	1,598,199	237,535	196	463,315	615,248	552,566	119	62,682
Colorado	441	3,792,608	228	2,104,160	1,867,157	237,003	213	494,862	653,681	629,534	127	24,147
Connecticut	38	368,109	11	110,776	102,133	8,643	27	54,331	64,272	58,720	108	5,552
Delaware	81	520,259	33	239,354	209,406	29,948	48	70,455	95,165	74,619	106	20,546
Florida	603	2,967,134	202	1,001,980	874,985	126,995	401	404,108	568,536	436,243	108	132,293
Georgia	5,336	22,409,647	2,057	8,925,539	7,752,775	1,172,764	3,279	3,857,327	5,759,287	4,419,662	115	1,339,625
Idaho	493	4,215,108	137	1,061,000	943,867	117,133	356	464,400	604,376	547,170	118	57,206
Illinois	894	8,136,071	466	4,904,300	4,240,147	664,153	428	1,294,417	2,027,903	1,906,473	147	121,430
Indiana	864	7,492,419	368	3,467,064	3,036,414	430,650	496	1,144,117	1,892,126	1,797,727	157	94,399
Iowa	1,165	10,516,947	595	6,114,524	5,314,815	799,709	570	1,303,734	2,040,912	1,964,361	151	76,551
Kansas	1,128	9,991,141	411	3,973,641	3,492,548	481,093	717	1,410,009	2,058,732	1,969,228	140	89,504
Kentucky	1,172	8,415,008	666	5,226,533	4,575,120	651,413	506	1,095,105	1,827,092	1,715,581	157	111,511
Louisiana	2,161	11,355,978	654	3,999,518	3,422,758	576,760	1,507	2,230,009	3,089,921	2,678,267	120	411,654
Maine	191	1,153,804	47	246,757	223,248	23,509	144	148,262	213,710	193,243	130	20,467
Maryland	302	2,275,506	80	631,071	549,921	81,150	222	369,576	529,952	451,817	122	78,135
Massachusetts	83	698,516	21	179,244	162,924	16,320	62	95,900	95,781	79,681	83	16,100
Michigan	897	5,654,290	380	2,205,599	1,929,982	275,617	517	921,693	1,236,395	1,145,327	124	91,068
Minnesota	2,424	13,385,993	1,026	6,051,674	5,311,880	739,794	1,398	1,745,615	2,700,466	2,571,276	147	129,190
Mississippi	4,747	25,777,015	1,251	6,297,258	5,345,556	951,702	3,496	4,861,956	5,894,163	4,800,959	99	1,093,204
Missouri	2,644	16,074,427	1,035	6,343,163	5,530,657	812,506	1,609	2,321,171	3,257,228	3,100,714	134	156,514
Montana	619	4,319,614	221	1,491,434	1,310,144	181,290	398	669,667	804,001	751,177	112	52,824
Nebraska	826	8,299,066	445	4,892,744	4,344,348	548,396	381	786,786	1,190,855	1,168,077	148	22,778
Nevada	36	367,171	8	71,159	65,159	6,000	28	34,873	29,585	29,044	83	541
New Hampshire	37	222,715	10	60,489	52,401	8,088	27	35,843	33,891	27,297	76	6,594
New Jersey	223	2,005,777	44	396,062	349,361	46,701	179	286,627	340,481	292,485	102	47,996
New Mexico	240	2,227,797	96	879,941	779,940	100,001	144	260,521	362,104	337,492	130	24,612
New York	727	4,530,887	230	1,447,087	1,273,889	173,198	497	699,776	965,436	792,693	113	172,743
North Carolina	3,616	16,993,969	1,733	8,763,622	7,700,305	1,063,317	1,883	2,365,241	3,916,791	3,337,366	141	579,425
North Dakota	732	5,484,882	338	2,521,120	2,268,723	252,397	394	709,924	1,077,532	1,035,364	146	42,168
Ohio	1,073	8,309,663	486	4,138,361	3,619,198	519,163	587	1,218,233	1,760,343	1,586,590	130	173,753
Oklahoma	3,153	18,984,254	1,379	8,428,621	7,377,533	1,051,088	1,774	2,770,420	4,158,568	3,688,405	133	470,163
Oregon	483	3,257,460	270	1,593,452	1,410,422	183,030	213	360,268	491,029	458,119	127	32,910
Pennsylvania	915	5,685,529	279	1,913,137	1,662,865	250,272	636	871,234	1,257,952	1,086,741	125	171,211
Rhode Island	5	40,072	1	6,547	5,850	697	4	6,192	8,696	8,696	140	0
South Carolina	2,693	12,089,697	986	4,725,206	4,119,669	605,537	1,707	2,394,977	3,475,649	2,673,672	112	801,977
South Dakota	636	5,129,404	357	3,017,528	2,660,651	356,877	279	521,742	855,752	823,531	158	32,221
Tennessee	2,098	12,001,643	936	5,681,309	4,955,984	725,325	1,162	1,830,478	2,890,971	2,590,757	142	300,214
Texas	5,039	38,655,311	2,301	18,781,220	16,358,041	2,423,179	2,738	5,449,285	8,419,486	7,513,476	138	906,010
Utah	312	3,026,329	48	314,952	279,742	35,210	264	394,019	419,638	392,196	100	27,442
Vermont	152	967,876	39	236,996	210,239	26,757	113	132,077	134,833	114,512	87	20,321
Virginia	1,085	6,180,930	528	3,046,529	2,664,449	382,080	557	934,224	1,501,904	1,276,888	137	225,016
Washington	379	3,009,662	150	1,072,840	954,607	118,233	229	407,817	560,871	507,427	124	53,444
West Virginia	567	2,837,185	207	1,102,717	956,899	145,818	360	502,538	758,155	631,001	126	127,154
Wisconsin	1,741	8,470,395	843	4,177,273	3,703,909	473,364	898	1,084,857	1,647,382	1,535,087	142	112,295
Wyoming	222	1,818,099	55	392,856	348,929	43,927	167	242,527	281,070	255,604	105	25,466
Alaska	6	61,407	0	0	0	0	6	7,222	4,697	4,658	64	39
Hawaii	258	1,643,022	131	839,707	730,736	108,971	127	189,284	223,641	194,429	103	29,212
Puerto Rico	766	3,875,518	138	861,551	734,258	127,293	628	836,026	1,007,732	814,654	97	193,078
Virgin Islands	4	14,324	0	0	0	0	4	398	188	188	47	0

Note: Covers all Tenant Purchase, Farm Enlargement, and Farm Development loans from appropriated funds and non-cash advances on rural rehabilitation project liquidation farms. Paid-up borrowers include those paid up through repossession.

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Table VI - Farm Ownership: Insured Loans - Number of Borrowers, Amount Loaned, and Payments, Cumulative Through March 31, 1951

State and territory	Total number of borrowers	Total amount insured	Borrowers paid in full					Borrowers with unpaid balance as of March 31, 1951					
			Number	Payments				Number	Scheduled installments	Payments			
				Total	Principal	Interest				Total	Regular and advance payments made on scheduled installments		Extra payments and refunds
						On amount loaned by private lenders	Mortgage insurance charges				Amount	As percent of schedule	
	1	2	3	4	5	6	7	8	9	10	11	12	13
U. S. Total	4,869	$36,719,305	71	$491,862	$466,482	$17,727	$7,653	4,798	$1,959,331	$2,415,719	$2,242,006	114	$173,713
Alabama	103	628,843	0	0	0	0	0	103	34,032	43,244	36,827	108	6,417
Arizona	5	54,950	0	0	0	0	0	5	2,101	1,603	1,603	76	0
Arkansas	99	460,983	4	17,444	16,745	510	189	95	21,010	26,369	23,828	113	2,541
California	16	157,930	0	0	0	0	0	16	6,034	11,578	6,372	106	5,206
Colorado	58	587,816	0	0	0	0	0	58	25,756	28,895	28,677	111	218
Connecticut	0	0	0	0	0	0	0	0	0	0	0	0	0
Delaware	4	26,990	0	0	0	0	0	4	1,580	1,657	1,657	105	0
Florida	24	170,012	0	0	0	0	0	24	5,031	6,734	6,674	133	60
Georgia	293	1,500,929	3	13,724	13,075	469	180	290	78,120	109,841	82,651	106	27,190
Idaho	66	615,982	1	9,495	9,375	37	83	65	17,478	16,417	16,417	94	0
Illinois	65	489,733	2	13,230	12,300	666	264	63	29,329	33,367	31,859	109	1,508
Indiana	98	969,157	2	11,286	10,736	314	236	96	49,109	58,819	53,833	110	4,986
Iowa	212	2,014,305	4	25,950	24,265	1,215	470	208	93,791	112,887	109,435	117	3,452
Kansas	246	2,267,760	1	7,891	7,550	217	124	245	168,172	210,220	202,770	121	7,450
Kentucky	38	331,109	0	0	0	0	0	38	24,494	35,488	33,639	137	1,849
Louisiana	49	299,215	0	0	0	0	0	49	12,681	14,764	14,746	116	18
Maine	37	244,840	0	0	0	0	0	37	7,318	8,291	6,562	90	1,729
Maryland	41	301,117	1	6,253	5,760	365	128	40	18,160	23,445	20,900	115	2,545
Massachusetts	4	39,091	0	0	0	0	0	4	2,378	2,450	2,450	103	0
Michigan	186	1,479,445	3	27,407	25,780	1,211	416	183	92,865	98,177	96,149	104	2,028
Minnesota	318	2,390,153	5	41,851	39,310	1,701	840	313	146,783	171,319	169,494	115	1,825
Mississippi	110	590,529	1	4,025	3,700	243	82	109	22,327	28,314	25,992	116	2,322
Missouri	426	2,724,141	3	16,532	15,550	666	316	423	179,169	208,625	196,470	110	12,155
Montana	41	443,745	0	0	0	0	0	41	18,809	21,018	19,403	103	1,615
Nebraska	78	774,054	1	10,578	10,350	172	56	77	52,778	63,962	60,514	115	3,448
Nevada	0	0	0	0	0	0	0	0	0	0	0	0	0
New Hampshire	3	26,080	0	0	0	0	0	3	441	486	486	110	0
New Jersey	45	417,304	0	0	0	0	0	45	26,628	29,300	28,879	108	421
New Mexico	18	186,050	0	0	0	0	0	18	5,024	6,396	6,396	127	0
New York	58	389,724	1	6,824	6,615	148	61	57	23,005	30,874	23,861	104	7,013
North Carolina	234	1,245,966	4	19,887	18,639	897	351	230	69,122	106,536	93,348	135	13,188
North Dakota	118	1,062,562	0	0	0	0	0	118	66,324	75,306	72,456	109	2,850
Ohio	82	668,678	0	0	0	0	0	82	30,296	36,171	32,876	109	3,295
Oklahoma	143	1,137,825	4	28,158	26,550	1,087	521	139	42,587	48,966	45,815	108	3,151
Oregon	52	500,630	3	34,232	32,180	1,526	526	49	22,844	21,370	21,370	94	0
Pennsylvania	162	1,038,823	1	7,898	7,500	292	106	161	50,119	62,713	51,462	103	11,251
Rhode Island	0	0	0	0	0	0	0	0	0	0	0	0	0
South Carolina	80	460,214	2	7,764	7,550	147	67	78	18,536	21,724	20,996	113	728
South Dakota	125	1,249,682	0	0	0	0	0	125	57,006	67,354	65,633	115	1,721
Tennessee	86	560,947	0	0	0	0	0	86	16,134	16,828	16,826	104	2
Texas	357	3,155,859	15	127,992	122,247	4,032	1,713	342	161,075	253,312	223,151	139	30,161
Utah	29	294,160	0	0	0	0	0	29	13,254	13,151	13,111	99	40
Vermont	5	32,184	0	0	0	0	0	5	2,049	1,566	1,548	76	18
Virginia	67	519,494	1	4,439	4,320	35	84	66	14,677	16,729	16,577	113	152
Washington	48	496,073	0	0	0	0	0	48	26,286	26,827	26,814	102	13
West Virginia	33	175,608	1	2,912	2,770	101	41	32	10,576	11,857	11,831	112	26
Wisconsin	475	3,237,354	8	46,090	43,615	1,676	799	467	184,811	221,045	209,924	114	11,121
Wyoming	12	131,550	0	0	0	0	0	12	4,452	5,087	5,087	114	0
Alaska	0	0	0	0	0	0	0	0	0	0	0	0	0
Hawaii	20	169,709	0	0	0	0	0	20	4,780	4,637	4,637	97	0
Puerto Rico	0	0	0	0	0	0	0	0	0	0	0	0	0
Virgin Islands	0	0	0	0	0	0	0	0	0	0	0	0	0

Note: This table covers Tenant Purchase, Farm Enlargement, and Farm Development loans made by private lenders, which are insured by the Government. In addition to amounts insured, this table covers small amounts advanced, including principal and interest repayments on these advances, for such purposes as the payment of taxes, insurance premiums, etc.

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Table VII - Farm Housing: Number of Borrowers and Persons Receiving Grants, and Average Amount of Loans and Grants, 1951 Fiscal Year and Cumulative From 1950

State and territory	1951 fiscal year										1950 and 1951 fiscal years 1/									
	Section 502 loans		Section 503 loans		Section 504 loans and grants						Section 502 loans		Section 503 loans		Section 504 loans and grants					
					Loans without grants		Loans with grants		Grants only						Loans without grants		Loans with grants		Grants only	
	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
U. S. Total.....	4,817	$4,717	226	$4,321	55	$899	37	$949	240	$475	8,352	$4,694	445	$4,514	88	$912	69	$945	405	$462
Alabama.....	226	5,272	4	3,280	0	0	5	894	1	500	446	5,249	6	3,545	3	755	6	845	1	500
Arizona.....	28	6,253	0	0	0	0	0	0	0	0	48	5,991	0	0	0	0	0	0	0	0
Arkansas.....	209	3,055	9	3,663	3	933	4	988	28	415	286	3,130	15	3,639	3	933	4	988	52	366
California.....	97	5,269	7	5,357	1	1,000	0	0	0	0	220	5,215	14	5,899	1	1,000	0	0	0	0
Colorado.....	58	5,950	10	6,112	0	0	1	500	0	0	85	5,640	13	5,201	0	0	1	500	1	500
Connecticut.....	7	4,344	0	0	0	0	1	925	0	0	8	3,962	1	3,992	0	0	2	962	0	0
Delaware.....	2	5,895	0	0	0	0	0	0	0	0	2	6,770	0	0	0	0	0	0	0	0
Florida.....	85	4,828	3	7,125	0	0	0	0	2	488	138	4,603	9	7,920	0	0	0	0	2	488
Georgia.....	315	4,608	10	3,844	3	838	1	904	0	0	565	4,380	19	3,691	3	838	2	952	6	446
Idaho.....	110	5,861	4	7,424	3	804	1	1,000	2	500	181	5,901	18	7,398	5	882	2	1,000	2	500
Illinois.....	81	3,711	4	3,832	0	0	0	0	0	0	160	3,649	8	3,529	0	0	0	0	1	455
Indiana.....	90	4,502	6	4,416	1	280	0	0	0	0	138	4,489	10	4,542	3	760	0	0	0	0
Iowa.....	59	4,017	6	3,550	0	0	0	0	0	0	102	4,257	6	3,550	0	0	0	0	0	0
Kansas.....	79	4,957	4	3,675	0	0	0	0	1	500	128	4,543	8	3,654	0	0	0	0	1	500
Kentucky.....	96	4,641	5	4,457	0	0	1	1,000	1	430	171	4,571	9	4,248	0	0	2	998	1	430
Louisiana.....	165	4,894	2	4,350	7	937	0	0	8	494	282	4,730	2	4,350	12	938	3	1,000	11	495
Maine.....	79	3,463	4	5,541	0	0	0	0	11	500	123	3,467	7	5,663	0	0	2	1,000	12	500
Maryland.....	22	4,416	0	0	0	0	0	0	0	0	56	4,234	1	5,500	0	0	0	0	0	0
Massachusetts...	5	5,759	0	0	0	0	0	0	0	0	6	4,999	1	5,000	0	0	0	0	0	0
Michigan.....	131	4,872	12	3,276	1	1,000	3	1,000	1	350	207	4,882	19	3,475	2	1,000	4	1,000	3	450
Minnesota.....	59	4,173	14	3,224	2	928	1	1,000	0	0	99	4,126	25	3,130	2	928	3	1,000	3	500
Mississippi.....	266	3,910	7	2,875	3	950	0	0	35	483	415	3,791	7	2,875	6	908	0	0	85	455
Missouri.....	204	3,396	11	3,127	3	845	1	1,000	2	298	376	3,246	18	3,190	4	884	1	1,000	3	308
Montana.....	46	4,771	1	2,750	1	1,000	0	0	0	0	92	5,575	2	3,400	1	1,000	1	1,000	0	0
Nebraska.....	114	4,000	17	3,724	0	0	0	0	0	0	207	4,209	25	4,222	0	0	0	0	0	0
Nevada.....	4	7,312	2	5,900	0	0	0	0	0	0	9	6,728	3	8,433	0	0	0	0	0	0
New Hampshire...	2	4,198	0	0	0	0	1	1,000	0	0	2	4,198	0	0	0	0	2	882	0	0
New Jersey.....	34	4,195	0	0	0	0	0	0	0	0	57	3,951	0	0	0	0	0	0	0	0
New Mexico.....	57	4,551	2	6,850	0	0	0	0	0	0	110	4,547	4	7,092	0	0	0	0	0	0
New York.....	40	5,017	8	2,869	0	0	0	0	1	446	67	4,694	14	2,514	2	1,000	0	0	1	446
North Carolina..	183	4,831	5	5,734	0	0	0	0	1	500	291	4,779	11	5,610	0	0	1	960	3	500
North Dakota....	61	5,528	2	2,005	0	0	0	0	0	0	74	5,368	4	2,955	0	0	0	0	0	0
Ohio.....	60	4,618	0	0	0	0	0	0	5	484	85	4,442	0	0	0	0	0	0	5	484
Oklahoma.....	298	4,454	4	3,858	0	0	0	0	0	0	551	4,555	8	3,336	2	838	0	0	5	452
Oregon.....	60	6,531	5	5,920	3	1,000	0	0	0	0	108	6,792	11	6,239	3	1,000	0	0	0	0
Pennsylvania....	117	3,388	7	4,218	0	0	5	1,000	0	0	190	3,607	18	3,972	3	933	7	936	2	500
Rhode Island....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
South Carolina..	168	5,375	0	0	5	900	0	0	1	200	270	5,415	0	0	6	917	1	1,000	1	200
South Dakota....	70	4,879	1	2,385	0	0	0	0	0	0	118	4,911	1	2,385	0	0	0	0	0	0
Tennessee.....	186	5,050	0	0	3	917	0	0	12	498	317	4,826	4	4,025	5	950	0	0	28	499
Texas.....	287	5,597	28	5,274	8	931	7	971	76	481	576	5,277	73	4,647	13	943	15	961	115	483
Utah.....	98	5,762	0	0	0	0	0	0	0	0	168	5,965	5	6,730	0	0	0	0	1	500
Vermont.....	5	3,129	1	7,500	0	0	0	0	0	0	6	3,219	1	7,500	0	0	0	0	0	0
Virginia.....	96	5,309	0	0	2	988	0	0	1	500	168	5,611	6	4,543	3	992	1	1,000	2	500
Washington.....	59	6,391	3	7,333	0	0	1	1,000	0	0	105	6,905	7	8,021	0	0	1	1,000	0	0
West Virginia...	78	6,275	4	4,390	0	0	0	0	2	500	134	6,113	11	4,601	0	0	1	1,000	4	438
Wisconsin.....	79	4,052	10	3,400	0	0	1	1,000	0	0	132	4,065	16	3,638	0	0	1	1,000	2	500
Wyoming.....	43	5,474	2	3,548	1	800	0	0	0	0	88	5,173	2	3,548	1	800	0	0	0	0
Alaska.....	0	0	0	0	1	1,000	0	0	0	0	0	0	0	0	1	1,000	0	0	0	0
Hawaii.....	18	7,295	0	0	0	0	0	0	0	0	38	7,966	1	9,000	0	0	0	0	0	0
Puerto Rico.....	78	4,328	1	8,000	4	790	3	850	49	492	143	4,057	1	8,000	4	790	6	867	51	492
Virgin Islands..	3	1,677	1	4,500	0	0	0	0	0	0	4	1,632	1	4,500	0	0	0	0	1	500

1/ Average amount based on initial and subsequent loans.

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Table VIII - Farm Housing: Funds Obligated and Furnished by Borrowers, and Use of Funds, 1951 Fiscal Year

State and territory	Loans and grants to new borrowers and persons receiving grants																		Amount of loans and grants to owners receiving prior assistance	Total amount of loans and grants
	Number receiving assistance	Amount of funds				Use of funds														
						Dwellings				Other farm buildings				Water system		Land enlargement and development		Amount of fees		
		Loans	Grants for minor improvements	Furnished by borrower	Total	New		Repair		New		Repair					Acres purchased			
						Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Amount				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
U. S. Total.....	5,375	$23,764,131	$131,073	$1,705,475	$25,600,679	2,494	$15,145,243	2,085	$4,594,726	2,611	$3,833,824	1,256	$781,175	1,996	$797,119	$354,199	4,727	$94,393	$180,595	$24,075,799
Alabama.....	236	1,206,809	2,770	152,514	1,362,093	171	1,103,185	32	71,646	61	119,473	14	9,160	138	52,928	4,450	0	1,251	9,731	1,219,310
Arizona.....	28	175,080	0	20,195	195,275	18	142,475	6	27,050	7	23,000	0	0	4	2,650	0	0	100	500	175,580
Arkansas.....	253	676,461	13,480	47,782	737,723	105	439,130	112	153,125	125	87,083	27	5,930	142	31,330	17,520	391	3,605	2,000	691,941
California.....	105	549,560	0	49,890	599,450	40	279,840	55	165,760	90	113,790	13	12,100	16	11,600	15,000	0	1,360	3	549,563
Colorado.....	69	406,455	250	32,618	439,323	32	236,762	36	106,422	30	32,925	38	7,653	28	20,922	33,941	696	698	1,620	408,325
Connecticut.....	8	30,835	500	2,210	33,545	1	11,550	2	3,970	4	15,080	2	2,625	1	285	0	0	35	0	31,335
Delaware.....	2	11,790	0	660	12,450	1	5,450	1	7,000	0	0	0	0	0	0	0	0	0	1,750	13,540
Florida.....	90	431,734	975	35,598	468,307	52	317,412	26	53,075	43	68,450	5	6,200	21	8,400	13,745	338	1,025	7,512	440,221
Georgia.....	329	1,493,002	427	107,791	1,601,220	256	1,096,705	87	207,620	143	225,256	12	8,850	146	48,069	6,220	0	8,500	13,042	1,506,471
Idaho.....	120	677,369	1,400	42,128	720,897	60	438,601	56	166,658	62	77,300	22	13,240	18	12,010	11,200	0	1,888	8,000	686,769
Illinois.....	85	315,893	0	39,235	355,128	25	154,064	45	99,783	45	66,694	30	23,787	15	4,317	4,585	0	1,898	2,550	318,443
Indiana.....	97	431,957	0	33,968	465,925	35	242,825	48	103,445	65	86,225	50	19,150	10	3,440	10,690	50	150	0	431,957
Iowa.....	65	258,305	0	24,139	282,444	19	131,764	29	51,385	38	65,466	21	9,765	12	9,920	12,410	120	1,734	2,300	260,605
Kansas.....	84	406,338	500	39,650	446,488	26	212,780	62	134,845	54	56,342	124	27,528	17	8,445	4,890	238	1,658	1,155	407,993
Kentucky.....	103	468,329	930	20,701	489,960	52	334,010	21	47,540	73	79,335	9	1,940	50	18,925	4,950	0	3,260	10,330	479,589
Louisiana.....	182	822,806	3,950	47,273	874,029	138	757,994	36	72,645	28	27,195	3	1,380	29	8,690	5,300	7	825	2,785	829,541
Maine.....	94	295,743	5,500	13,765	315,008	8	31,072	54	33,815	45	153,741	101	67,203	18	16,583	10,799	380	1,795	6,465	307,708
Maryland.....	22	97,155	0	6,045	103,200	8	37,477	8	14,965	22	43,703	6	5,360	1	600	0	0	1,095	0	97,155
Massachusetts...	5	28,796	0	0	28,796	0	0	0	0	5	27,471	2	1,250	0	0	0	0	75	0	28,796
Michigan.....	148	680,094	1,850	38,036	719,980	35	276,325	91	226,960	76	146,500	64	47,570	30	15,930	4,540	10	2,155	14,540	696,484
Minnesota.....	76	293,684	500	28,375	322,559	28	160,168	33	59,184	44	66,143	49	20,006	36	9,115	4,902	80	3,041	0	294,184
Mississippi.....	311	1,062,904	16,920	60,108	1,139,932	218	927,288	76	85,150	70	54,835	16	1,690	164	58,450	8,960	38	3,559	2,150	1,081,974
Missouri.....	221	730,226	1,095	42,754	774,075	70	380,005	77	135,618	145	165,432	71	30,480	93	40,325	19,240	425	2,975	1,235	732,556
Montana.....	48	223,230	0	17,149	240,379	20	138,099	19	66,955	25	26,310	8	2,940	9	5,015	700	0	360	1,665	224,895
Nebraska.....	131	519,287	0	31,128	550,415	18	122,190	85	209,985	109	143,085	76	47,310	34	15,895	10,865	0	1,085	750	520,037
Nevada.....	6	41,050	0	2,000	43,050	3	28,750	3	7,500	3	4,500	0	0	0	0	2,100	0	200	500	41,550
New Hampshire...	3	8,895	500	0	9,395	0	0	3	2,760	1	3,390	4	3,245	0	0	0	0	0	0	9,395
New Jersey.....	34	142,615	0	7,955	150,570	2	13,500	10	40,469	26	74,835	9	20,441	0	0	0	0	1,325	0	142,615
New Mexico.....	59	273,110	0	14,700	287,810	29	183,990	25	42,775	36	40,445	12	2,230	21	10,170	8,100	36	100	6,050	279,160
New York.....	49	223,620	446	4,704	228,770	4	26,520	16	28,140	30	115,055	24	50,105	5	3,090	3,300	75	2,560	12	224,078
North Carolina..	189	912,833	500	50,187	963,520	104	635,910	70	145,492	114	125,006	25	10,035	128	35,362	9,610	91	2,105	4,433	917,766
North Dakota....	63	341,191	0	35,478	376,669	28	223,742	20	77,468	21	56,755	10	9,781	11	6,325	840	0	1,758	0	341,191
Ohio.....	65	277,080	2,420	11,851	291,351	18	124,444	37	74,583	23	65,311	28	22,887	6	2,695	0	0	1,431	1,700	281,200
Oklahoma.....	302	1,342,634	0	71,541	1,414,175	118	751,498	97	254,414	219	308,379	38	20,424	161	62,840	10,250	173	6,370	21,746	1,364,380
Oregon.....	68	424,458	0	40,076	464,534	27	232,880	31	134,236	34	62,504	18	10,422	11	9,860	12,292	0	2,340	0	424,458
Pennsylvania....	129	428,446	2,500	11,817	442,763	13	83,903	85	140,386	63	112,619	82	94,285	20	6,055	700	1	4,815	740	431,686
Rhode Island....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
South Carolina..	174	907,527	200	109,917	1,017,644	118	857,677	25	55,023	51	70,325	14	10,350	67	22,430	0	0	1,839	8,115	915,842
South Dakota....	71	343,946	0	23,088	367,034	16	136,041	37	101,195	51	78,825	42	33,385	29	13,410	570	0	3,608	0	343,946
Tennessee.....	201	941,972	5,975	71,353	1,019,300	111	764,260	54	83,685	79	109,735	18	4,930	119	55,410	0	0	1,280	2,505	950,452
Texas.....	406	1,765,038	39,720	135,233	1,939,991	219	1,393,554	158	215,520	151	171,661	43	16,823	182	62,345	69,020	997	11,068	6,095	1,810,853
Utah.....	98	564,686	0	47,186	611,872	38	298,176	54	261,028	32	44,685	7	4,070	6	3,588	0	0	325	2,000	566,686
Vermont.....	6	23,145	0	693	23,838	0	0	2	1,993	6	16,710	3	2,500	0	0	2,500	97	135	500	23,645
Virginia.....	99	511,635	500	27,748	539,883	55	319,345	42	116,003	41	70,620	20	12,980	50	20,115	0	0	820	13,300	525,435
Washington.....	63	399,554	500	21,523	421,577	20	202,897	28	109,720	48	84,970	10	6,000	7	6,825	7,800	0	3,365	1,900	401,954
West Virginia..	84	507,003	1,000	24,414	532,417	41	331,440	36	109,210	39	47,035	15	11,550	59	26,150	5,600	41	1,432	15,266	523,269
Wisconsin.....	90	354,575	500	18,470	373,545	13	79,070	45	78,675	88	137,580	55	49,520	34	16,880	9,050	330	2,770	4,200	359,275
Wyoming.....	46	243,280	0	5,840	249,120	11	89,275	34	109,855	16	22,920	13	9,445	20	16,415	1,210	0	0	1,000	244,280
Alaska.....	1	1,000	0	0	1,000	0	0	1	140	0	0	0	0	1	860	0	0	0	0	1,000
Hawaii.....	18	131,315	0	7,610	138,925	14	105,950	2	3,850	21	24,825	0	0	4	3,700	0	0	600	450	131,765
Puerto Rico.....	135	350,151	25,265	27,759	403,175	55	281,750	73	96,005	8	11,300	1	350	23	8,750	5,000	113	20	0	375,416
Virgin Islands..	4	9,530	0	620	10,150	1	3,500	0	0	1	3,000	2	2,300	0	0	1,350	0	0	0	9,530

Production and Subsistence Loans - Title II

Title II of the Bankhead-Jones Farm Tenant Act, as amended by the Farmers' Home Administration Act of August 14, 1946 and Public Law 123, approved August 23, 1951, authorizes loans to eligible farm families who are unable to obtain needed credit from any other source at reasonable rates and terms to meet their farm and home operating needs. In addition to credit, borrowers are provided practical on-the-farm guidance, as required, to assist them in adopting improved farm and home management practices and in making other adjustments necessary to place their farming operations on a sound and profitable basis. These activities are designed to help low-income farmers, including veterans who wish to become established on farms, in developing more efficient farm and home operations that will provide adequate living for their families and greater security on the land.

1. Purposes and Terms of Loans: Loans are made for the purchase of necessary livestock, farm equipment, feed, seed, fertilizer, other farm needs, essential home equipment and family subsistence, including medical care. Loans to any individual borrower in any fiscal year may not exceed $7,000, and the total outstanding indebtedness of any borrower for all such loans may not exceed $10,000. Interest is charged at the rate of five percent on the unpaid principal balance.

 Production and subsistence loans are made primarily to eligible farmers who have or can acquire the necessary land resources and have the background and the ability to enable them to make needed adjustments in their farming operations to place such operations on a sound and efficient basis. Adjustment loans are based on individual farm and home plans developed with the advice and assistance of the County Supervisor, and may be repaid over a period of not to exceed seven years in a manner consistent with the borrower's ability to pay. A limited number of annual loans are made to operators of family-type farms whose primary credit needs are of a seasonal or emergency nature to provide necessary credit for the production of cash crops or to purchase or grow feed for productive livestock or livestock being fed for the market. Annual operating loans are scheduled for repayment when the principal income from the enterprise financed with such loans normally would be received, usually within one year.

2. Supervision (On-The-Farm Guidance): Many applicants for operating loans are handicapped by inadequate land resources, lack of experience, lack of knowledge of modern and efficient management practices, lack of equipment or livestock, or a combination of such problems. Borrowers are provided practical on-the-farm assistance in analyzing, planning and carrying out sound farm and home operations so as to make the best use of their land, labor, capital and skills. Such supervision contributes directly to the success of the borrowers and is a protection of the financial interest of the Government.

3. Continuing Strong Demand for Assistance: The demand for operating credit continues strong throughout the nation from operators of family-type farms, including veterans, who wish to make the adjustments

and improvements necessary to increase their farm production and incomes and thus achieve a position of reasonable security and stability on the land. With a total authorization of $103,000,000 for production and subsistence loans in the fiscal year 1951, which includes the regular authorization of $85,000,000 and $18,000,000 made available because of the recognized need for assistance to eligible farmers who suffered production disasters, it was possible to serve about 50 percent of the new applicants for operating loan assistance. In a number of states all funds available for new loans had been exhausted by the end of February, though March is considered the normal peak month for farm operating loans. A large segment of the small farmers in the country, including many veterans, are unable to obtain adequate credit from other sources to make the improvements and adjustments necessary to utilize effectively their available land and labor resources.

4. Significant Program Data:

A. Decrease in Number of New Loans Made: Despite a continuing heavy demand for farm operating loans throughout the nation, the number of new applicants served has decreased sharply in recent years. The following table shows the number of new operating loans made and the total amount of funds available during each of the fiscal years 1948 through 1951, and estimates for 1952:

Fiscal Year	Number New Loans	Total Available for Operating Loans
1948	62,610	$ 60,000,000
1949	63,556	75,000,000
1950	49,395	85,000,000
1951	45,925	103,000,000
1952 (Est.)	35,600	110,000,000

The primary reasons for the decrease in the number of new loans made are as follows:

(1) Emphasis on adjustment loans. Increased emphasis has been placed on the selection of applicants who can and will use the assistance available under this program to effect the adjustments and improvements needed to increase their production and income and place their operations on a sound basis so that they will be able to farm successfully and obtain further operating credit within a reasonable period from private or cooperative lending sources. The number of loans which merely provide farmers with annual operating credit has been reduced sharply during recent years. Since adjustment loans are considerably larger than annual operating loans, fewer farmers can be served with the same amount of loan funds. The following table shows the number and average size of initial adjustment and annual operating loans made during each of the fiscal years 1948 through 1951, with estimates for 1952:

Fiscal Year	Initial Adjustment Loans		Annual Loans	
	Number	Average Size	Number	Average Size
1948	29,962	$ 949	32,648	$264
1949	37,935	1,188	25,621	302
1950	40,623	1,360	8,772	339
1951	34,316	1,718	11,609	507
1952(Est.)	33,140	2,200	2,460	650

See Table I and II for distribution by states

The above estimates for 1952 on the number and average size of new loans are made without any clear indication of the effect of the enactment of the Magnuson bill, which increased the maximum amount of a production and subsistence loan from $3,500 to $7,000, (Public Law 123, approved August 23, 1951) on loans made during this fiscal year. It is felt, however, that the estimated average size of loans shown above for 1952 is conservative.

(2) Rise in farm operating costs. The increase in farm operating costs during recent years has resulted in an increase in the size of loans and a corresponding decrease in the number of applicants who could be served from available funds. Evidence of increased costs is shown clearly by the fact that from 1946 to June 15, 1951, the cost of farm machinery has increased by 65.4 percent, livestock 95.6 percent, and farm operating costs, excluding taxes and wages, 42.9. Stated another way, an operator who would have required a $3,500 loan in 1946 for the purchase of machinery and livestock and for farm operating expenses would have required a loan of $6,039 for the same purposes on June 15, 1951.

(3) Loans to veterans. An increasing number of loans have been made to veterans who generally require larger than average advances for the reason that they have acquired less working capital than non-veteran applicants. The average size of initial adjustment loans to veterans in 1951 was $1,928 compared with $1,543 for loans to non-veterans. Veterans received 50.7 percent of the loans advanced from the regular authorization of $85,000,000 during the 1951 fiscal year. The number and amount of new and subsequent loans to veterans and the percent of total funds received by veterans from regular appropriations for operating loans for the fiscal years 1948 through 1951 are as follows:

Fiscal Year	Number of Loans	Amount of Loans	Percent of Total Loan Funds Received by Veterans
1948	21,525	$ 20,306,157	33.9
1949	29,824	30,965,176	41.3
1950	35,037	41,513,779	48.8
1951	30,878	43,106,755	50.7

See Table III for distribution by states

In addition to the loans made to veterans from the regular 1951 authorization contained in the Appropriation Act, 5,284 loans were made to veterans in the amount of $5,382,190 from the funds authorized under the supplemental appropriation for operating loans to farmers in designated disaster areas who had suffered substantial production losses and were eligible for this type of credit assistance.

B. Collections: The following is a summary of the cumulative and current collection activity on operating loans:

(1) Cumulative collections on operating loans principal and interest have exceeded by $96,446,687 cumulative advances made for such loans during the last five fiscal years, as shown by the following tables;

Fiscal Year	Loan Disbursements	Principal Repayments	Interest Repayments	Total Repayments
1947	$ 90,432,402	$119,784,295	$14,299,621	$134,083,916
1948	59,996,090	101,453,618	12,769,753	114,223,371
1949	74,999,651	78,279,960	11,282,124	89,562,084
1950	84,998,781	68,004,734	9,702,196	77,706,930
1951	102,936,954	83,307,468	10,926,796	94,234,264
	$413,363,878	$450,830,075	$58,980,490	$509,810,565

(2) Cumulative loan advances and collections of Farm Security Administration, Emergency Crop and Feed Loan Division, and Farmers Home Administration follow:

	Loan Advances	Collections to 6/30/51 Principal	Collections to 6/30/51 Interest	Principal Repay. to Maturities	Total Colls. to Advances
Rural Rehabilitation Loans - June 1935 to 10/31/46	$1,004,799,927	$880,821,142	$121,176,230	88.0%	99.7%
Emergency Crop and Feed Loans - 1918 to 10/31/46	575,934,586	471,254,306	52,541,875	81.8%	90.9%
Production and Subsistence Loans - 11/1/46 to 6/30/51	384,041,068	210,605,856	15,960,974	93.6%	59.0%

See Tables IV, V and VI

Most production and subsistence loans made prior to June 30, 1951 were scheduled for maturity over a period of 5 years. Therefore, a large part of the advances are not yet due, and this accounts for the fact that collections total only 59% of the advances made through June 30, 1951.

C. Debts Compromised, Adjusted or Cancelled Pursuant to Public Laws 518 and 731: Continued emphasis is being given to the settlement of accounts eligible for compromise, adjustment, or cancellation as shown by the following tables:

(1) Activity during the fiscal year 1951:

Type of Settlement	Total Number Borrowers	Total Indebtedness To Be Settled	Amount Repaid	Amount Written Off
Adjustment	3,254	$ 2,216,055	$ 790,401	$ 1,425,654
Compromise	15,694	8,992,081	2,167,178	6,824,903
Cancellation	113,222	30,952,627	--	30,952,627
Total	132,170	42,160,763	2,957,579	39,203,184

(2) From Inception of Activity, April 4, 1945, through June 30, 1951:

Type of Settlement	Total Number Borrowers	Total Indebtedness To Be Settled	Amount Repaid	Amount Written Off
Adjustment	14,071	$ 7,691,764	$2,599,199	$ 5,092,565
Compromise	72,928	35,910,123	9,015,941	26,894,182
Cancellation	494,329	94,467,235	--	94,467,235
Total	581,328	138,069,122	11,615,140	126,453,982

D. Progress of Borrowers: Some indication of the progress borrowers have made as a result of the financial and supervisory assistance provided through this program is shown in the following data which are based on information compiled through sample surveys of representative groups of borrowers:

(1) Increases in production averaging over 50 percent were made by 27,755 active operating loan borrowers who repaid their loans in full in the 1950 fiscal year and remained on the farm. In terms of 1949 prices these families had a production per acre, based upon total acres in the farm, of between $14 and $16 before they received their loans. During 1949, the last crop year, their production per acre averaged $23, an efficiency figure exceeded only by those farmers in the income brackets of $6,000 and more. These families increased their net worth from $2,308 before acceptance to $4,506 when their loans were paid. A portion of this increase in net worth is due to price changes but the greater portion

can be attributed to actual improvements made by these families. This group of paid-up borrowers also made substantial improvements in their family-living facilities. In 1949, 69 percent had electricity as compared with only 42 percent the year before acceptance on the program; 51 percent had refrigerators compared with 22 percent the year before acceptance; and 50 percent had washing machines compared with 28 percent the year before coming on the program.

(2) Progress made by borrowers in the adoption of approved farm management practices is indicated by a recent report showing that the number of borrower families using recommended amounts and kinds of fertilizer doubled during the 1950 crop year. Other significant improvements included an 80 percent increase in the number using recommended varities of seed, a 40 percent increase in the number following approved crop rotation, a 100 percent increase in the number of borrowers who improved permanent and temporary pastures, a 50 percent increase in the number feeding balanced rations, and an 80 percent increase in the number breeding to better sires.

(3) Tenure improvement has been significant. Of the 27,755 borrowers who repaid their loans in full in the 1950 fiscal year and continued farming, only 43.3 percent were owners or part-owners before acceptance. By 1949 this percentage had increased to 56.5 percent. Full ownership while on the program was acquired by 16.7 percent of the tenants, 18.6 percent of the sharecroppers and 24.7 percent of those borrowers, such as young veterans, who were not farming the year before they received their loans. Three out of every fifteen of these successful adjustment operating loan borrowers who were tenants before they received their loans acquired farm ownership while on the program. One of these three acquired ownership through the farm ownership loan program and the remainder by other means.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table I - Production and Subsistence Loans to Individuals, 1951 Fiscal Year

State and territory	General appropriation						Supplemental appropriation for loans in disaster areas						General and supplemental appropriations						Total amount
	Adjustment loans				Annual loans		Adjustment loans				Annual loans		Adjustment loans				Annual loans		
	Initial		Subsequent				Initial		Subsequent				Initial		Subsequent				
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
U. S. Total.....	28,081	$50,409,304	37,584	$33,002,145	3,632	$1,588,191	6,235	$8,540,111	6,607	$5,099,872	7,977	$4,297,331	34,316	$58,949,415	44,191	$38,102,017	11,609	$5,885,522	$102,936,954
Alabama.....	774	996,840	2,503	1,607,538	16	4,305	167	222,250	116	92,675	1,254	586,685	941	1,219,090	2,619	1,700,213	1,270	590,990	3,510,293
Arizona.....	92	207,065	137	189,535	1	700	0	0	0	0	0	0	92	207,065	137	189,535	1	700	397,300
Arkansas.....	1,155	1,968,600	1,392	1,191,058	120	38,230	657	1,057,610	491	438,140	1,403	1,129,474	1,812	3,026,210	1,883	1,629,198	1,523	1,167,704	5,823,112
California.....	395	988,575	353	496,725	20	25,574	1	1,300	1	730	1	800	396	989,875	354	497,455	21	26,374	1,513,704
Colorado.....	431	1,145,220	837	840,873	40	22,820	77	204,915	262	306,950	6	5,500	508	1,350,135	1,099	1,147,823	46	28,320	2,526,278
Connecticut.....	20	56,440	12	17,430	1	400	0	0	0	0	0	0	20	56,440	12	17,430	1	400	74,270
Delaware..	11	27,150	14	13,015	0	0	0	0	0	0	0	0	11	27,150	14	13,015	0	0	40,165
Florida.....	443	704,965	388	423,650	0	0	5	11,365	14	16,470	16	18,325	448	716,330	402	440,120	16	18,325	1,174,775
Georgia.....	923	1,507,430	1,111	1,298,772	45	19,255	166	219,660	222	172,650	427	204,975	1,089	1,727,090	1,333	1,471,422	472	224,230	3,422,742
Idaho.....	614	1,403,220	850	860,699	6	3,735	18	40,545	8	9,550	0	0	632	1,443,765	858	870,249	6	3,735	2,317,749
Illinois.....	602	1,412,080	763	706,812	9	4,350	0	0	0	0	0	0	602	1,412,080	763	706,812	9	4,350	2,123,242
Indiana.....	494	1,114,260	295	262,967	28	13,060	0	0	0	0	0	0	494	1,114,260	295	262,967	28	13,060	1,390,287
Iowa.....	432	1,091,720	1,155	893,513	0	0	0	0	0	0	0	0	432	1,091,720	1,155	893,513	0	0	1,985,233
Kansas.....	455	1,284,350	681	576,418	74	45,760	0	0	0	0	0	0	455	1,284,350	681	576,418	74	45,760	1,906,528
Kentucky.....	976	1,083,975	1,187	742,747	84	24,385	0	0	0	0	0	0	976	1,083,975	1,187	742,747	84	24,385	1,851,107
Louisiana.....	1,301	1,727,855	797	758,379	205	89,000	1,067	992,470	600	454,269	207	84,875	2,368	2,720,325	1,397	1,212,648	412	173,875	4,106,848
Maine.....	295	522,240	384	443,202	28	23,150	0	0	0	0	0	0	295	522,240	384	443,202	28	23,150	988,592
Maryland.....	243	431,575	216	214,296	15	4,090	0	0	0	0	0	0	243	431,575	216	214,296	15	4,090	649,961
Massachusetts...	14	25,990	41	61,280	3	2,050	0	0	0	0	0	0	14	25,990	41	61,280	3	2,050	89,320
Michigan.....	657	1,426,685	653	677,187	11	9,115	0	0	0	0	0	0	657	1,426,685	653	677,187	11	9,115	2,112,987
Minnesota.....	602	1,614,500	903	725,664	356	189,435	25	65,470	59	32,515	279	177,390	627	1,679,970	962	758,179	635	366,825	2,804,974
Mississippi.....	1,056	1,436,430	1,726	1,529,387	14	10,725	554	589,625	744	483,790	15	6,705	1,610	2,026,055	2,470	2,013,177	29	17,430	4,056,662
Missouri.....	881	2,047,905	1,391	1,054,247	0	0	69	150,345	176	216,813	293	354,985	950	2,198,250	1,567	1,271,060	293	354,985	3,824,295
Montana.....	420	1,208,930	916	1,108,877	25	40,440	44	107,515	91	119,100	18	25,390	464	1,316,445	1,007	1,227,977	43	65,830	2,610,252
Nebraska.....	356	963,836	500	471,583	17	14,935	14	40,700	8	8,475	5	4,030	370	1,004,536	508	480,058	22	18,965	1,503,559
Nevada.....	45	112,620	37	46,722	1	3,200	0	0	1	3,000	0	0	45	112,620	38	49,722	1	3,200	165,542
New Hampshire...	36	104,245	63	99,963	0	0	0	0	0	0	0	0	36	104,245	63	99,963	0	0	204,208
New Jersey.....	143	304,090	185	233,292	9	5,675	30	58,200	26	34,345	0	0	173	362,290	211	267,637	9	5,675	635,602
New Mexico.....	358	759,225	613	609,505	66	34,290	0	0	0	0	0	0	358	759,225	613	609,505	66	34,290	1,403,020
New York.....	366	959,480	643	681,321	51	37,930	1	3,500	0	0	0	0	367	962,980	643	681,321	51	37,930	1,682,231
North Carolina..	2,278	2,412,385	2,110	1,514,108	286	100,115	238	240,585	323	201,640	337	143,400	2,516	2,652,970	2,433	1,715,748	623	243,515	4,612,233
North Dakota....	463	1,073,225	682	502,279	557	301,245	5	3,650	34	16,355	146	79,985	468	1,076,875	716	518,634	703	381,230	1,976,739
Ohio.....	491	1,239,435	279	337,659	25	8,875	0	0	0	0	0	0	491	1,239,435	279	337,659	25	8,875	1,585,969
Oklahoma.....	1,244	2,762,735	1,548	1,167,367	45	19,810	1,155	2,493,356	1,104	839,885	302	219,515	2,399	5,256,091	2,652	2,007,252	347	239,325	7,502,668
Oregon.....	338	742,440	365	440,423	6	2,520	2	4,050	13	29,135	0	0	340	746,490	378	469,558	6	2,520	1,218,568
Pennsylvania....	525	1,185,540	574	613,249	20	9,480	0	0	0	0	0	0	525	1,185,540	574	613,249	20	9,480	1,808,269
Rhode Island....	3	8,140	9	10,625	0	0	0	0	0	0	0	0	3	8,140	9	10,625	0	0	18,765
South Carolina..	1,606	1,400,295	987	548,115	87	20,460	970	589,090	966	435,580	1,645	470,645	2,576	1,989,385	1,953	983,695	1,732	491,105	3,464,185
South Dakota....	362	1,044,500	592	488,814	67	42,132	106	245,670	146	98,630	274	202,357	468	1,290,170	738	587,444	341	244,489	2,122,103
Tennessee.....	755	830,385	1,120	657,245	149	30,230	10	18,710	44	28,635	553	297,850	765	849,095	1,164	685,880	702	328,080	1,863,055
Texas.....	1,532	3,412,823	3,316	3,166,585	259	120,600	528	990,420	684	810,010	299	197,190	2,060	4,403,243	4,000	3,976,595	558	317,790	8,697,628
Utah.....	182	382,595	421	449,934	9	11,145	8	16,500	20	31,370	2	1,500	190	399,095	441	481,304	11	12,645	893,044
Vermont.....	29	80,760	89	95,652	0	0	1	2,975	0	0	0	0	30	83,735	89	95,652	0	0	179,387
Virginia.....	625	700,330	774	559,314	67	17,755	0	0	0	0	9	2,550	625	700,330	774	559,314	76	20,305	1,279,949
Washington.....	427	1,100,780	407	578,137	2	1,990	1	3,380	0	0	0	0	428	1,104,160	407	578,137	2	1,990	1,684,287
West Virginia...	202	346,300	227	209,484	36	8,770	0	0	0	0	0	0	202	346,300	227	209,484	36	8,770	564,554
Wisconsin.....	615	1,481,455	851	777,342	29	2,430	16	20,385	26	23,185	0	0	631	1,501,840	877	800,527	29	2,430	2,304,797
Wyoming.....	271	776,185	793	1,061,662	33	40,130	0	0	0	0	0	0	271	776,185	793	1,061,662	33	40,130	1,877,977
Alaska.....	15	32,980	3	2,375	0	0	0	0	0	0	0	0	15	32,980	3	2,375	0	0	35,355
Hawaii.....	54	112,580	39	41,972	0	0	0	0	0	0	0	0	54	112,580	39	41,972	0	0	154,552
Puerto Rico.....	1,455	639,135	1,641	938,322	643	173,330	300	145,870	428	195,975	486	83,205	1,755	785,005	2,069	1,134,297	1,129	256,535	2,175,837
Virgin Islands..	19	6,805	11	4,825	67	10,565	0	0	0	0	0	0	19	6,805	11	4,825	67	10,565	22,195

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Table II - Total Production and Subsistence Loans to Individuals, 1950 and 1951 Fiscal Years and Cumulative From Inception, November 1, 1946, Through June 30, 1951 1/

State and territory	1950 fiscal year						1951 fiscal year						Cumulative - November 1, 1946 through June 30, 1951					
	Adjustment loans				Annual loans		Adjustment loans				Annual loans		Adjustment loans				Annual loans	
	Initial		Subsequent				Initial		Subsequent				Initial		Subsequent			
	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
U. S. Total	40,623	$1,360	41,774	$639	8,772	$339	28,081	$1,795	37,584	$878	3,632	$437	153,830	$1,275	213,513	$605	144,308	$283
Alabama	2,575	567	3,375	357	64	233	774	1,288	2,503	642	16	269	8,814	590	17,294	338	5,571	230
Arizona	119	2,160	99	1,196	14	495	92	2,251	137	1,383	1	700	336	2,135	410	1,182	129	605
Arkansas	1,796	1,164	2,481	506	599	298	1,155	1,704	1,392	855	120	319	7,314	1,053	11,705	500	8,408	276
California	449	2,481	311	1,405	16	1,238	395	2,503	353	1,403	20	1,279	1,608	2,405	1,507	1,306	256	980
Colorado	467	2,508	795	975	39	560	431	2,657	837	1,004	40	570	1,946	2,446	3,907	965	596	540
Connecticut	9	2,389	12	1,532	5	1,050	20	2,822	12	1,452	1	400	49	2,528	66	1,210	27	624
Delaware	10	2,060	29	1,048	2	1,280	11	2,468	14	930	0	0	57	1,730	142	894	44	390
Florida	706	909	512	685	152	373	443	1,591	388	1,090	0	0	2,368	921	3,197	558	2,609	294
Georgia	2,440	862	1,777	564	38	251	923	1,633	1,111	1,169	45	428	8,509	779	10,892	470	12,955	263
Idaho	601	2,109	762	974	16	482	614	2,285	850	1,012	6	622	2,172	2,075	3,377	990	416	566
Illinois	668	2,205	528	838	8	362	602	2,346	763	926	9	483	2,328	2,186	2,684	826	364	425
Indiana	512	2,067	228	796	28	278	494	2,256	295	890	28	466	1,723	2,085	1,394	752	516	350
Iowa	602	1,896	896	632	4	625	432	2,527	1,155	773	0	0	1,933	2,077	4,159	683	275	478
Kansas	549	2,350	646	694	25	645	455	2,823	681	846	74	618	2,009	2,249	3,604	647	691	424
Kentucky	1,466	795	976	458	264	245	976	1,111	1,187	626	84	290	6,039	748	5,570	430	3,718	187
Louisiana	2,283	748	1,092	622	571	369	1,301	1,328	797	951	205	434	6,145	892	7,596	525	10,845	264
Maine	342	1,811	368	1,128	49	888	295	1,770	384	1,154	28	827	1,443	1,885	1,649	1,165	312	840
Maryland	227	1,834	213	739	101	322	243	1,776	216	992	15	273	848	1,723	1,189	768	810	295
Massachusetts	36	2,038	49	1,367	8	1,012	14	1,856	41	1,495	3	683	119	2,031	220	1,308	95	679
Michigan	785	1,974	494	955	12	444	657	2,172	653	1,037	11	829	3,095	1,949	2,225	956	350	345
Minnesota	866	2,488	515	826	11	436	602	2,682	903	801	356	532	3,000	2,362	2,303	818	1,502	426
Mississippi	1,748	1,018	2,894	545	137	230	1,056	1,360	1,726	886	14	766	6,920	848	16,054	446	11,832	220
Missouri	1,187	1,742	1,303	720	5	380	881	2,325	1,391	758	0	0	4,424	1,744	5,885	647	912	325
Montana	418	2,664	1,001	926	41	895	420	2,878	916	1,210	25	1,618	1,697	2,664	4,365	992	682	649
Nebraska	425	2,459	364	814	21	676	356	2,707	500	943	17	879	1,575	2,385	1,998	779	430	528
Nevada	42	2,751	34	1,190	1	3,500	45	2,503	37	1,263	1	3,200	163	2,602	153	1,409	18	1,224
New Hampshire	42	2,908	78	1,446	0	0	36	2,896	63	1,587	0	0	155	2,817	300	1,283	66	371
New Jersey	183	2,061	135	1,227	6	450	143	2,126	185	1,261	9	631	718	1,936	820	1,123	146	718
New Mexico	371	2,145	390	925	92	778	358	2,121	613	994	66	520	1,186	2,052	2,017	907	1,066	523
New York	398	2,347	776	847	89	648	366	2,622	643	1,059	51	744	1,325	2,396	3,577	892	711	528
North Carolina	4,510	630	2,840	462	455	237	2,278	1,059	2,110	718	286	350	17,011	683	14,931	469	17,298	260
North Dakota	512	2,199	509	743	276	500	463	2,318	682	736	557	541	1,788	2,280	2,233	716	3,262	457
Ohio	489	2,247	137	995	27	355	491	2,524	279	1,210	25	355	1,771	2,196	877	957	503	300
Oklahoma	1,678	1,917	2,005	577	67	331	1,244	2,221	1,548	754	45	440	6,179	1,760	13,445	495	1,930	312
Oregon	337	2,311	276	1,172	2	1,812	338	2,197	365	1,207	6	420	1,172	2,133	1,522	1,067	163	573
Pennsylvania	592	2,211	366	1,027	31	514	525	2,258	574	1,068	20	474	1,964	2,116	2,163	937	720	419
Rhode Island	4	3,250	12	1,412	0	0	3	2,713	9	1,181	0	0	18	2,636	54	1,159	1	1,000
South Carolina	2,440	487	3,050	304	2,437	233	1,606	872	987	555	87	235	15,536	418	11,247	310	21,494	224
South Dakota	435	2,678	579	733	17	482	362	2,885	592	826	67	629	1,630	2,645	2,241	784	995	423
Tennessee	983	833	1,147	454	261	230	755	1,100	1,120	587	149	203	4,054	810	5,621	422	3,432	219
Texas	2,100	1,902	4,142	674	788	403	1,532	2,228	3,316	955	259	466	7,095	1,823	20,446	667	12,063	296
Utah	275	2,017	346	1,068	12	524	182	2,102	421	1,067	9	1,238	863	1,873	1,563	1,023	287	500
Vermont	68	2,845	115	1,055	1	100	29	2,785	89	1,073	0	0	244	2,862	480	1,000	30	364
Virginia	532	1,072	354	650	100	417	625	1,121	774	723	67	265	2,436	829	2,127	584	4,503	208
Washington	420	2,588	302	1,246	5	2,156	427	2,578	407	1,419	2	995	1,360	2,474	1,256	1,265	124	951
West Virginia	214	1,510	202	893	92	252	202	1,714	227	923	36	244	1,263	1,022	1,007	666	553	185
Wisconsin	799	2,344	514	891	16	253	615	2,409	851	913	29	84	2,969	2,256	2,857	824	497	264
Wyoming	373	2,735	482	1,248	132	975	271	2,864	793	1,338	33	1,216	1,292	2,573	3,174	1,147	379	930
Alaska	19	2,178	1	800	0	0	15	2,199	3	792	0	0	60	2,201	9	997	0	0
Hawaii	64	1,883	23	1,120	0	0	54	2,085	39	1,076	0	0	236	1,880	113	1,172	2	650
Puerto Rico	1,431	519	1,223	516	1,608	352	1,455	439	1,641	572	643	270	4,753	426	5,793	445	9,596	351
Virgin Islands	26	736	16	561	27	124	19	358	11	439	67	158	118	457	95	297	124	129

1/ Does not include loans in disaster areas obligated from the 1951 Supplemental appropriation, or loans from state rural rehabilitation corporation funds.

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Table III - Production and Subsistence Loans to Veterans Only, 1949, 1950, and 1951 Fiscal Years 1/

State and territory	1949 fiscal year						1950 fiscal year						1951 fiscal year					
	Adjustment loans				Annual loans		Adjustment loans				Annual loans		Adjustment loans				Annual loans	
	Initial		Subsequent				Initial		Subsequent				Initial		Subsequent			
	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
U. S. Total.....	15,379	$1,478	9,306	$704	5,137	$327	19,473	$1,591	13,291	$721	2,223	$400	13,799	$1,978	16,129	$950	950	$517
Alabama.....	1,106	514	510	314	457	243	1,175	580	895	357	26	255	400	1,384	799	633	6	146
Arizona.....	42	2,015	22	988	7	721	73	2,137	45	1,243	5	586	44	2,386	73	1,528	1	700
Arkansas.....	948	1,030	609	547	299	329	986	1,155	998	542	253	278	611	1,648	668	973	42	267
California.....	180	2,475	92	1,409	8	1,071	226	2,537	122	1,482	7	1,123	211	2,591	166	1,365	11	1,575
Colorado.....	250	2,411	207	1,070	19	543	252	2,526	318	985	15	780	214	2,659	369	1,015	18	683
Connecticut.....	6	2,750	4	1,262	2	800	5	1,800	6	1,342	2	1,950	9	2,389	5	1,990	0	0
Delaware.....	8	1,738	15	879	3	933	5	2,260	11	823	1	1,560	3	2,167	5	1,137	0	0
Florida.....	236	841	123	626	228	325	404	940	158	778	43	408	222	1,670	180	1,192	0	0
Georgia.....	686	670	263	501	286	289	902	994	368	656	6	361	435	1,690	386	1,200	13	382
Idaho.....	277	1,985	272	1,022	11	593	379	2,266	343	992	8	540	337	2,376	467	1,035	1	450
Illinois.....	314	2,281	127	934	9	356	412	2,318	190	810	3	408	350	2,376	423	948	2	538
Indiana.....	216	2,045	81	630	30	292	310	2,122	85	794	17	299	277	2,355	152	932	13	536
Iowa.....	255	2,076	152	682	0	0	376	1,961	290	622	0	0	261	2,530	510	775	0	0
Kansas.....	323	2,054	216	578	42	604	403	2,325	288	731	12	961	314	2,840	413	894	19	827
Kentucky.....	530	768	243	450	251	272	826	815	297	527	90	281	549	1,134	475	676	32	325
Louisiana.....	407	942	208	650	528	309	934	826	305	747	171	460	520	1,477	299	1,118	45	478
Maine.....	116	2,106	96	899	18	689	171	1,908	127	1,099	31	1,015	110	1,763	176	1,184	7	1,278
Maryland.....	72	1,878	55	906	32	289	84	1,908	52	1,015	11	287	87	1,943	59	954	1	300
Massachusetts.....	19	2,268	16	1,719	4	962	15	1,874	22	1,641	2	600	5	2,200	20	1,382	1	1,000
Michigan.....	358	2,020	203	817	8	745	435	2,059	223	997	9	481	387	2,266	333	1,088	9	868
Minnesota.....	537	2,254	161	892	2	355	600	2,451	274	840	6	556	372	2,709	579	793	109	491
Mississippi.....	543	777	411	460	505	255	1,002	1,081	703	592	61	262	570	1,445	664	920	6	1,357
Missouri.....	660	1,651	451	636	22	427	790	1,789	602	733	2	405	546	2,335	825	778	0	0
Montana.....	209	2,800	312	968	30	820	183	2,533	378	971	15	800	238	2,895	410	1,254	12	1,709
Nebraska.....	239	2,287	101	693	15	533	277	2,482	172	815	8	821	239	2,742	282	962	7	1,098
Nevada.....	14	3,041	9	954	1	2,080	26	2,820	18	1,074	1	3,500	27	2,578	24	1,261	0	0
New Hampshire.....	27	3,006	12	1,779	2	750	24	2,963	25	1,560	0	0	14	3,108	32	1,658	0	0
New Jersey.....	86	1,846	58	1,112	3	1,033	86	2,095	63	1,402	1	100	62	1,957	80	1,346	2	350
New Mexico.....	134	1,966	161	736	99	468	217	2,212	178	1,004	42	750	175	2,181	298	1,001	26	529
New York.....	132	2,447	199	1,065	35	487	229	2,410	253	841	23	875	177	2,663	249	1,098	21	750
North Carolina.....	823	615	433	392	762	287	1,207	621	488	466	95	229	970	1,114	529	682	78	365
North Dakota.....	297	2,437	125	997	181	492	297	2,257	292	672	163	506	242	2,465	325	781	136	548
Ohio.....	216	2,165	46	948	15	243	331	2,360	67	1,034	15	413	263	2,549	176	1,174	7	225
Oklahoma.....	971	1,707	734	610	29	380	989	1,912	902	622	30	353	770	2,168	836	813	12	472
Oregon.....	116	2,182	121	1,172	2	975	202	2,262	108	1,237	2	1,812	180	2,247	195	1,212	3	340
Pennsylvania.....	267	2,200	123	1,112	19	439	369	2,230	118	1,079	13	518	272	2,319	280	1,082	4	600
Rhode Island.....	2	2,000	1	300	1	1,000	1	2,500	2	1,250	0	0	1	3,500	1	500	0	0
South Carolina.....	691	391	188	333	368	236	550	547	392	303	412	239	502	958	207	665	21	324
South Dakota.....	281	2,639	113	994	11	553	276	2,724	279	698	12	504	199	2,899	345	869	30	656
Tennessee.....	413	766	186	380	158	275	452	885	281	474	104	231	367	1,219	365	653	50	234
Texas.....	1,003	1,858	1,049	669	304	431	1,267	1,999	1,554	698	230	460	805	2,325	1,459	1,036	67	511
Utah.....	147	1,870	133	1,007	11	441	167	2,238	164	1,062	3	367	99	2,215	233	1,047	4	961
Vermont.....	51	2,913	20	1,307	1	500	20	2,616	44	1,196	0	0	7	3,329	34	1,146	0	0
Virginia.....	183	816	61	554	96	307	236	1,250	86	722	38	402	294	1,326	223	820	26	324
Washington.....	144	2,542	65	1,267	2	2,982	262	2,655	111	1,472	2	2,140	247	2,696	228	1,526	1	1,240
West Virginia.....	221	942	46	567	26	218	130	1,644	78	862	38	310	118	1,683	115	1,009	10	235
Wisconsin.....	304	2,239	206	980	23	302	472	2,433	200	876	6	357	318	2,531	481	930	5	40
Wyoming.....	186	2,420	208	1,175	31	827	236	2,832	218	1,218	62	952	164	2,815	489	1,334	19	1,257
Alaska.....	7	2,241	0	0	0	0	16	2,080	0	0	0	0	9	2,359	2	850	0	0
Hawaii.....	43	1,692	15	883	0	0	25	1,985	12	948	0	0	28	1,950	16	1,066	0	0
Puerto Rico.....	79	544	44	470	141	409	156	819	84	580	128	349	177	528	168	698	71	330
Virgin Islands.....	4	462	0	0	0	0	5	1,140	2	850	0	0	1	400	1	450	2	250

1/ Does not include loans in disaster areas obligated from the 1951 Supplemental appropriation or loans from state rural rehabilitation corporation funds.

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Table 11 Production and Subsistence Loans, Maturities and Collections, Cumulative through June 30, 1951 1/

State and Territory	Cumulative Loan Obligations	Cumulative Advances	Matured Principal	Collections			Principal Write-Offs	Principal Judgments	Unpaid Principal Balance	Ratio of Principal Repayments to Matured Principal
				Principal Repayments	Interest Payments	Totals				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
U. S. Totals	$384,103,590	$384,041,068	$225,045,989	$210,605,856	$ 15,960,974	$226,566,830	$ 539,500	$ 53,804	$172,841,908	93.6
Alabama	13,235,015	13,209,831	9,357,775	8,659,888	407,677	9,067,565	28,521	551	4,520,871	92.5
Arizona	1,280,336	1,290,993	765,786	702,446	53,524	755,970	590		587,957	91.7
Arkansas	18,497,731	18,387,191	11,229,893	10,603,634	617,020	11,220,654	26,643	491	7,756,423	94.4
California	6,091,616	6,271,377	3,788,444	3,472,358	322,591	3,794,949	12,324		2,786,695	91.7
Colorado	9,371,886	9,321,559	5,440,939	5,066,276	390,297	5,456,573	4,862	274	4,250,147	93.1
Connecticut	220,585	231,125	135,970	125,499	11,350	136,849	888		104,738	92.3
Delaware	242,663	238,413	128,610	107,387	15,276	122,663			131,026	83.5
Florida	4,784,281	4,813,109	3,411,358	2,896,883	168,100	3,064,983	28,233	405	1,887,588	84.9
Georgia	15,750,372	15,727,181	11,464,674	10,413,446	468,662	10,882,108	67,097	5,352	5,241,286	90.8
Idaho	8,134,865	8,133,587	4,097,104	3,904,537	384,278	4,288,815		1,418	4,227,632	95.3
Illinois	7,462,686	7,470,709	3,649,979	3,548,382	396,306	3,944,688	5,891		3,916,436	97.2
Indiana	4,821,831	4,833,381	2,285,603	2,227,742	244,429	2,472,171	944	2,304	2,602,391	97.5
Iowa	6,988,557	7,007,909	3,339,896	3,364,380	350,488	3,714,868	8,453	1,600	3,633,476	100.7
Kansas	7,141,844	7,151,212	3,510,618	3,245,944	363,845	3,609,789	5,384	151	3,899,733	92.5
Kentucky	7,611,842	7,568,947	4,672,658	4,416,448	360,266	4,776,714	4,484		3,148,015	94.5
Louisiana	13,868,560	13,855,447	9,122,914	8,732,454	396,563	9,129,017	17,217	755	5,105,021	95.7
Maine	4,904,509	4,892,883	3,446,619	3,247,304	211,089	3,458,393	3,526		1,642,053	94.2
Maryland	2,613,489	2,626,783	1,283,038	1,107,254	145,288	1,252,542	76		1,519,453	87.3
Massachusetts	593,969	598,419	421,611	368,457	34,529	402,986	478	556	228,928	87.4
Michigan	8,281,965	8,268,556	3,653,992	3,349,062	496,781	3,845,843	12,063		4,907,431	91.7
Minnesota	9,888,614	9,915,737	4,435,075	4,439,545	518,759	4,958,304	2,299	3,167	5,470,726	100.1
Mississippi	16,713,922	16,693,252	11,145,875	10,070,934	564,684	10,635,618	39,272		6,583,046	90.4
Missouri	12,545,519	12,557,576	6,471,331	6,350,301	594,123	6,944,424	11,196	301	6,195,778	98.1
Montana	9,564,875	9,541,574	5,084,653	4,693,970	432,151	5,126,121	14	3,516	4,844,074	92.3
Nebraska	5,592,712	5,617,321	2,825,646	2,817,980	284,885	3,102,865	2,351		2,796,990	99.7
Nevada	664,714	651,269	341,726	313,491	39,060	352,551	1,600		336,178	91.7
New Hampshire	846,789	837,312	362,607	355,448	54,221	409,669	2,890		478,974	98.0
New Jersey	2,508,485	2,510,387	1,501,640	1,085,001	130,608	1,215,609	1,528	2,448	1,421,410	72.3
New Mexico	4,820,440	4,805,304	2,659,861	2,261,182	186,173	2,447,355	5,221	1,985	2,536,916	85.0
New York	6,745,155	6,760,944	3,281,629	2,854,809	405,000	3,259,809	4,749	2,758	3,898,628	87.0
North Carolina	23,707,626	23,680,538	18,206,147	17,620,148	736,729	18,356,877	58,000	7,062	5,995,328	96.8
North Dakota	7,267,155	7,200,422	3,389,308	3,131,006	280,862	3,411,868	533	875	4,068,008	92.4
Ohio	4,878,500	4,925,560	2,199,313	2,062,553	247,504	2,310,057	1,687		2,861,320	93.8
Oklahoma	21,685,940	21,582,181	10,576,725	9,978,536	873,960	10,852,496	17,639	290	11,585,716	94.3
Oregon	4,252,602	4,264,841	2,152,350	2,030,679	193,021	2,223,700	1,460		2,232,702	94.3
Pennsylvania	6,486,169	6,479,848	2,887,860	2,737,040	355,933	3,092,973	8,187	12,447	3,722,174	94.8
Rhode Island	111,065	114,565	63,850	62,934	6,375	69,309			51,631	98.6
South Carolina	16,279,112	16,279,507	12,662,188	11,399,605	433,500	11,833,105	42,747	1,006	4,836,149	90.0
South Dakota	7,035,856	7,048,506	3,037,212	2,813,209	321,262	3,134,471	1,899		4,233,398	92.6
Tennessee	6,754,459	6,790,627	4,120,400	3,952,395	283,213	4,235,608	2,034		2,836,198	95.9
Texas	32,154,258	32,227,158	20,303,379	18,485,412	1,220,147	19,705,559	89,893	4	13,651,849	91.0
Utah	3,409,175	3,407,408	1,471,950	1,482,883	171,678	1,654,561	1,986	501	1,922,038	100.7
Vermont	1,193,236	1,189,499	591,672	555,643	86,381	642,024	141		633,715	93.9
Virginia	4,198,625	4,208,704	2,406,549	2,322,263	135,494	2,457,757	2,202	684	1,883,555	96.5
Washington	5,076,760	5,096,339	2,258,523	2,089,601	209,179	2,298,780	1,004	3	3,005,731	92.5
West Virginia	2,063,691	2,059,781	940,686	928,739	100,044	1,028,783	1,231		1,129,811	98.7
Wisconsin	9,228,492	9,239,826	4,260,251	4,369,888	564,132	4,934,020	669		4,869,269	102.6
Wyoming	7,319,021	7,241,253	4,013,417	3,676,820	331,371	4,008,191	177		3,564,256	91.6
Alaska	141,079	144,884	63,078	51,284	7,284	58,568			93,600	81.3
Hawaii	577,330	577,328	240,197	187,898	29,765	217,663			389,430	78.2
Puerto Rico	8,395,347	8,394,740	5,842,204	5,822,578	319,795	6,142,373	9,197	2,900	2,560,065	99.7
Virgin Islands	98,265	98,265	41,206	42,300	5,322	47,622	20		55,945	102.7

1/ Loans made by Farmers Home Administration subsequent to October 31, 1946.

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Table V

Rural Rehabilitation Loans of the Farm Security Administration Including Maturities and Collections, Cumulative through June 30, 1951

State and Territory	Loan Advances October 31, 1946	Matured Principal	Collections			Principal		Outstanding Principal Balance of Loan Advances	Ratio of Total Collections to Loan Advances	Ratio of Principal Repayments to Matured Principal
			Principal Repayments	Interest Payments	Totals	Write-Offs	Judgments			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
U. S. Totals	$1,004,799,927	$1,000,968,939	$880,821,142	$121,176,230	$1,001,997,372	$43,485,505	$1,388,286	$79,104,994	99.7	88.0
Alabama	43,752,370	43,484,588	32,468,215	4,789,210	37,257,425	6,141,292	43,697	5,099,166	85.2	74.7
Arizona	4,000,878	3,991,000	3,519,708	500,914	4,020,622	139,746	22,485	318,939	100.5	88.2
Arkansas	45,525,669	45,416,178	38,817,223	4,160,602	42,977,825	1,988,604	44,988	4,674,854	94.4	85.5
California	21,107,784	21,050,811	16,808,163	2,630,687	19,438,850	1,891,618	38,437	2,369,566	92.1	79.8
Colorado	26,943,382	26,760,434	23,314,842	3,629,885	26,944,727	1,360,502	60,458	2,207,580	100.0	87.1
Connecticut	1,386,999	1,386,399	1,224,279	145,661	1,369,940	74,338	15,216	73,166	98.8	88.3
Delaware	778,887	764,801	631,496	113,273	744,769	2,368		145,023	95.6	82.6
Florida	13,875,133	13,861,825	9,935,068	1,812,310	11,747,378	1,239,314	48,589	2,652,162	84.7	71.7
Georgia	40,887,525	40,443,455	30,957,859	4,404,805	35,362,664	3,238,139	95,951	6,595,576	86.5	76.5
Idaho	18,167,970	18,119,758	17,222,468	2,186,739	19,409,207	288,557	14,428	642,517	106.8	95.0
Illinois	21,949,047	21,870,538	20,406,784	2,989,904	23,396,688	810,963	19,299	712,001	106.6	93.3
Indiana	17,603,833	17,582,478	16,674,314	2,297,043	18,971,357	406,088	9,143	514,288	107.8	94.8
Iowa	25,683,289	25,641,473	25,033,342	3,361,061	28,394,403	517,359	19,771	112,817	110.6	97.6
Kansas	29,776,839	29,621,646	27,192,752	4,302,701	31,495,453	845,622	20,379	1,718,086	105.8	91.8
Kentucky	14,609,055	14,597,597	14,107,237	1,637,170	15,744,407	210,644	13,577	277,597	107.8	96.6
Louisiana	34,347,570	34,342,034	28,746,485	3,302,510	32,048,995	2,203,647	95,361	3,302,077	93.3	83.7
Maine	14,137,672	14,119,928	12,145,391	1,466,921	13,612,312	926,664	2,349	1,063,268	96.3	86.0
Maryland	4,321,645	4,275,828	3,593,813	585,706	4,179,519	36,134	1,413	690,285	96.7	84.0
Massachusetts	2,023,501	2,020,066	1,733,427	250,498	1,983,925	124,543	11,056	154,475	98.0	85.8
Michigan	19,458,806	19,328,707	17,404,986	2,725,277	20,130,263	511,681	7,392	1,534,747	103.5	90.0
Minnesota	28,170,717	28,034,363	26,889,747	4,137,885	31,027,632	320,388	20,383	940,199	110.1	95.9
Mississippi	47,537,449	47,439,702	39,257,925	4,541,836	43,799,761	3,131,521	45,294	5,102,709	92.1	82.8
Missouri	36,456,151	36,303,877	34,216,391	4,862,492	39,078,883	883,727	30,437	1,325,596	107.2	94.2
Montana	23,291,794	23,280,650	20,616,098	3,373,125	23,989,223	395,396	108,749	2,171,551	103.0	88.6
Nebraska	27,333,477	27,294,041	25,275,708	4,320,860	29,596,568	949,455	20,084	1,088,230	108.3	92.6
Nevada	1,742,836	1,739,640	1,560,246	234,039	1,794,285	60,934	623	121,033	103.0	89.7
New Hampshire	2,600,288	2,590,398	2,161,958	420,053	2,582,011	146,040		292,290	99.3	83.5
New Jersey	4,028,664	4,007,368	2,970,144	516,245	3,486,389	122,763	11,986	923,771	86.5	74.1
New Mexico	9,687,701	9,610,514	8,284,271	1,147,670	9,431,941	404,650	19,409	979,371	97.4	86.2
New York	16,357,938	16,068,984	13,467,627	2,394,546	15,862,173	439,719	52,146	2,398,446	97.0	83.8
North Carolina	37,620,207	37,517,994	34,549,179	2,720,680	37,269,859	1,286,521	56,374	1,728,133	99.1	92.1
North Dakota	18,854,098	18,781,989	17,009,862	2,968,935	19,978,797	542,021	21,974	1,280,241	106.0	90.6
Ohio	18,121,971	18,092,526	16,721,468	2,684,753	19,406,221	407,984	14,060	978,459	107.1	92.4
Oklahoma	55,557,759	55,460,169	51,588,051	6,194,963	57,783,014	1,255,319	23,982	2,690,407	104.0	93.0
Oregon	11,978,259	11,953,474	10,764,442	1,347,913	12,112,355	410,992	8,818	794,007	101.1	90.1
Pennsylvania	11,710,443	11,663,838	10,301,182	1,770,605	12,071,787	406,008	82,399	920,854	103.1	88.3
Rhode Island	450,099	449,599	393,458	66,851	460,309	18,566	550	37,525	102.3	87.5
South Carolina	22,356,282	22,160,495	16,543,249	2,391,211	18,934,460	1,454,668	25,960	4,332,405	84.7	74.7
South Dakota	29,298,834	29,200,300	26,747,944	5,235,437	31,983,381	641,181	14,618	1,895,091	109.2	91.6
Tennessee	12,288,655	12,245,865	11,797,452	1,220,187	13,017,639	112,554	2,631	376,018	105.9	96.3
Texas	93,050,936	92,994,061	80,380,989	8,578,874	88,959,863	5,114,253	131,222	7,424,472	95.6	86.4
Utah	10,233,968	10,165,098	9,390,854	1,565,166	10,956,020	322,212	26,106	494,796	107.1	92.4
Vermont	3,197,269	3,170,061	2,882,530	444,983	3,327,513	31,030	3,154	280,555	104.1	91.0
Virginia	10,528,491	10,418,244	9,230,960	1,172,548	10,403,508	373,584	23,558	900,389	98.8	88.6
Washington	15,968,854	15,936,610	13,572,256	1,846,960	15,419,216	588,652	12,106	1,795,840	96.6	85.2
West Virginia	6,368,908	6,358,393	5,862,964	1,198,181	7,061,145	223,387	18,683	263,874	110.9	92.2
Wisconsin	23,404,940	23,315,960	22,311,970	2,969,350	25,281,320	123,569	5,594	963,807	108.0	95.7
Wyoming	18,945,077	18,934,390	17,648,462	2,833,279	20,481,741	194,246	21,383	1,080,986	108.1	93.2
Alaska	450,019	250,765	218,020	97,531	315,551	783		231,216	70.1	86.9
Hawaii	540,778	538,928	507,945	66,231	574,176	2,180		30,653	106.2	94.2
Puerto Rico	6,192,972	6,175,718	5,648,955	541,168	6,190,123	148,606	2,014	393,397	100.0	91.4
Virgin Islands	136,239	135,381	110,983	18,796	129,779	14,773		10,483	95.3	82.0

NOTE: Advances by states include transfers of loans between states for collection purposes.

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Table VI — Emergency Crop and Feed and Drought Relief Loans - Number and Amount of Loans Made, Collected and Written-Off through June 30, 1951

	Loans Made		Credits on Principal				Principal Balance Outstanding		Percent Principal Repayments to Advances
	Number	Amount	Collections	Debt Adjustments and Other Write-Offs	Reduced to Judgment	Total	Number	Amount	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Seed-Grain and Emergency Crop Loans 1918-1936	2,772,569	$308,557,612	$245,809,065	$37,436,716	$247,558	$283,493,339	212,333	$25,064,273	79.7
Emergency Crop and Feed Loans 1937-1947	1,385,894	195,351,079	178,913,105	7,285,188	73,550	186,271,843	71,720	9,079,236	91.6
Drought Relief Loans 1934-1935	300,614	72,008,540	46,516,166	14,520,864	158,309	61,195,339	52,069	10,813,201	64.6
Orchard Rehabilitation Loans 1942	13	17,355	15,970	-	-	15,970	2	1,385	92.0
Grand Total	4,459,090	$575,934,586	$471,254,306	$59,242,768	$479,417	$530,976,491	336,124	$44,958,095	81.8

NOTE: Interest Collections in the amount of $52,541,875 for all types of loans are not included above.

Water Facilities Loans

1. Purpose of Loans: Under the Water Facilities Act of August 28, 1937, loans are made to individual farmers or ranchmen or to groups of from two to one hundred or more farmers when water facilities can be operated and maintained more feasibly on a community basis. Loans are of two types:

 A. Farmstead loans made to provide adequate water supplies close to the farm buildings for household use, for livestock, and for garden production by installing new facilities such as wells, ponds, and cisterns with appurtenant equipment or by improvements to existing facilities.

 B. Irrigation loans made to provide new facilities and to develop or improve existing facilities for supplying water for crop production. The types of facilities developed vary with the needs of the locality and may include such facilities as small irrigation systems, large wells including pumping plants and farm distribution systems, low capacity pumps and sprinkler systems, or small storage reservoirs and dams.

2. Terms of Loans: Loans are scheduled to be repaid as rapidly as possible consistent with the borrowers repayment ability. However, loans are made for periods sufficiently long, generally not to exceed 20 years, to allow the operator to make repayment from income derived from the use of the facility. The interest rate is 3 percent per annum. Loans are not approved for applicants who can secure adequate credit on reasonable terms from other credit sources.

3. Technical Assistance: Engineering assistance is given all borrowers, as required, in planning and installing farmstead and irrigation facilities. Such assistance is necessary for efficient service of the installations and to assure repayment of the loans. Farm and home management guidance is provided as needed to assist in profitable utilization of the facilities. To the extent that personnel is available, engineering assistance is also given to a limited number of farm families and organized water users groups who are unable to obtain it from other sources.

4. Increasing Demand for Assistance: The demand for water facilities loans continues to increase at a rapid rate throughout the arid and semi-arid areas of the 17 Western States, and particularly from areas opened for settlement by the Bureau of Reclamation.

5. Significant Program Data:

 A. Applications: During recent years, applications on hand and received during each year from individuals represented approximately three times as many loans as could be made. The following table shows the number of applicants, the number of new loans made, and the percentage of applicants who received loans in the

fiscal years 1947 through 1951 and estimated for 1952.

Fiscal Year	Individual Loans: Number Applicants	Individual Loans: Number Initial Loans Made	Individual Loans: Loans as Percent of Applicants
1947	2,328	901	39
1948	2,408	767	32
1949	2,851	751	26
1950	4,318	1,192	28
1951	4,220	1,340	32
1952 (Est.)	4,300	1,280	30

Fiscal Year	Group Loans: Number Applicants	Group Loans: Number Initial Loans Made	Group Loans: Loans as Percent of Applicants
1947	127	11	9
1948	110	15	14
1949	132	8	6
1950	169	16	9
1951	147	24	16
1952 (Est.)	200	35	18

B. Increase in Size of Loans: There has been an increase in the average size of water facilities loans in recent years with the result that fewer applicants could be served with the same amount of funds. The following table shows the trend in the size of water facilities loans made to individuals and groups from 1940 through 1951:

Fiscal Year	Individuals: Initial	Individuals: Supplemental	Groups: Initial	Groups: Supplemental
1940	$ 493	$ -	$ 6,169	$ -
1945	586	516	15,644	5,667
1948	1,463	905	18,019	2,660
1949	1,617	1,038	15,936	6,714
1950	1,934	989	31,491	12,673
1951	2,259	1,138	32,710	10,705

See Table I for distribution by states

The primary reasons for the increase in average size of loans are:

A. The steady rise during recent years in the costs of labor material and equipment used in the construction or repair of facilities.

B. An increased proportion of the loans have been made for the installation or improvement of irrigation facilities and

land leveling where the costs usually run higher than for farmstead facilities.

C. The enactment of Public Law 99, approved June 10, 1949, increased from $50,000 to $100,000 the maximum amount which may be loaned in connection with a single project. The approval of a few loans in excess of $50,000 during 1950 and 1951 accounts for some of the increase in the size of group loans in these years.

C. Number of Families and Water Users Assisted: Cumulatively, 28,236 farm families and other rural water users have been assisted under the water facilities program. This number includes 1,247 individual farm families who received technical assistance only since 1947, and 11,834 individual farm families who received loans and technical assistance from the inception of the program. It also includes 15,155 that were members of the 303 groups which received either loan or technical assistance or both. Technical assistance only was furnished 155 of the 303 groups.

D. Number and Amount of Loans: During the fiscal year 1951 approximately 21 percent of the loan funds were used for group loans and 79 percent for loans to individuals. Cumulatively, loans to groups and individuals have been of about the same proportion. However, increased emphasis is being given to the making of group loans during the 1952 fiscal year as a means of serving more farmers with the same amount of funds, conserving critical materials and increasing production of essential crops. The table below shows the number and amount of loans made during the 1951 fiscal year and cumulatively since the inception of the program:

Number and Amount of Loans

	1951 Fiscal Year		Cumulative Since Inception	
Loans	Number	Amount Obligated	Number	Amount Obligated
To Individuals				
Initial	1,340	$3,026,684	11,904	$12,833,333
Supplemental	105	119,490	2,170	1,214,940
To Groups				
Initial	24	785,030	148	2,939,862
Supplemental	6	64,230	42	308,090
Total	1,475	3,995,434	14,264	17,296,225

E. Collections: Since inception of the Water Facilities Program 6,518 individual borrowers have paid their accounts in full and 8 group loans have also been paid in full. The following statement shows repayment progress cumulative since the inception of the program to June 30, 1951:

Loan advances and repayments cumulative to June 30, 1951

Loan Advances	Matured Principal	Principal Repayments	Interest Payments	Total Payments
$17,034,140	$7,426,116	$7,442,924	$957,765	$8,400,689

See Table II for distribution by states

The ratio of principal payments, including prepayments, to matured principal was 100.2 percent as of June 30, 1951 and cumulative gross delinquencies were $227,186 or 3.1 percent of the total maturities.

F. Progress of Borrowers: Some indication of the production and financial progress made by water facilities borrowers is indicated by the following data taken from reports of borrowers who repaid their loans in the 1950 fiscal year and continued farming:

A. Borrowers With Irrigation Loans:

	Year Before Acceptance	1949	Percent Increase
(1) Crop and livestock production per farm:			
Pasture - animal unit months	112.3	155.1	38.1
corn - bushels	984.4	1820.9	85.0
milk - pounds	24,066	28,334	17.7
beef cows	14.5	17.5	34.9
(2) Income and net worth per farm:			
Gross farm income	$4,483	$8,919	99.0
Net worth	10,763	23,229	115.8

B. Borrowers With Farmstead Loans:

	Year Before Acceptance	1949	Percent Change
(1) Primarily to supply water for livestock:			
Percent hauling water from off farm	31.8	0.5	
Percent with water piped to barn or barnyard	3.0	82.1	
Increase in livestock:			
Number of dairy cows kept	6.0	7.4	23.3
Number of other cattle kept	11.3	14.4	27.4
Number of chickens kept	225.0	311.0	38.2

	Year Before Acceptance	1949	Percent Change
(2) Primarily to supply water for garden:			
Percent hauling water from off farm	19.0	0.0	
Percent with water piped to garden	1.7	92.6	
Average value of food and fuel for home use	$334	$503	50.6
Average bushels of fruits and vegetables stored	12	18	50.0
(3) Primarily to supply water for household:			
Percent hauling water from off farm	33.0	0.6	
Percent with water piped to house	7.8	81.0	
Percent with kitchen sink	15.1	82.1	
Percent with shower or bathtub	3.9	55.3	

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Table F - Water Facilities Loans to Individuals and Groups - Number of Loans and Average Amount, 1949, 1950 and 1951 Fiscal Years and Cumulative From Inception of Program Through June 30, 1951

State	1949 fiscal year				1950 fiscal year				1951 fiscal year				Cumulative through June 30, 1951			
	Initial		Subsequent		Initial		Subsequent		Initial		Subsequent		Initial		Subsequent	
	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Loans to Individuals																
U. S. Total....	751	$1,617	79	$1,038	1,192	$1,934	85	$989	1,340	$2,259	105	$1,138	11,904	$1,078	2,170	$560
Arizona.....	20	2,640	1	400	13	3,027	3	2,427	14	3,941	4	1,880	167	1,744	39	1,031
California.....	50	2,147	8	1,406	98	2,966	3	933	103	3,128	3	2,333	562	2,102	78	763
Colorado.....	53	1,573	5	1,083	79	2,298	7	920	58	2,419	4	575	563	1,249	56	786
Idaho.....	82	1,321	5	439	143	1,348	21	616	108	1,644	20	941	939	999	138	541
Kansas.....	31	2,242	1	500	26	2,371	4	660	34	3,410	1	100	504	988	49	268
Montana.....	47	1,770	11	1,068	107	2,186	7	819	110	2,685	14	1,264	588	1,523	75	769
Nebraska.....	33	2,353	4	1,594	38	2,744	5	1,169	41	3,873	1	500	588	1,199	37	923
Nevada.....	3	1,710	0	0	5	1,971	1	935	7	2,133	1	6,100	49	1,418	13	1,160
New Mexico.....	29	1,989	7	1,909	23	2,268	3	763	51	3,091	3	1,825	356	1,378	146	539
North Dakota...	14	758	2	302	63	1,252	3	632	24	1,054	4	569	351	622	27	408
Oklahoma.....	113	860	7	718	187	810	2	275	201	971	10	488	1,530	546	325	274
Oregon.....	37	1,415	4	425	75	2,166	3	1,985	79	2,582	2	992	663	1,137	76	572
South Dakota...	11	1,582	2	3,210	24	2,211	3	905	27	2,683	3	1,590	401	722	37	746
Texas.....	102	1,612	8	961	113	2,163	7	1,208	139	2,060	6	656	2,435	896	827	523
Utah.....	37	1,569	4	775	61	1,956	4	1,400	76	2,395	8	1,609	647	1,229	79	1,003
Washington.....	54	2,438	6	522	91	2,747	6	1,496	167	2,693	11	1,521	717	1,765	86	853
Wyoming.....	35	1,083	4	772	46	1,736	3	1,008	101	1,721	10	648	844	854	82	501
Loans to Groups																
U. S. Total....	8	$15,936	11	$6,714	16	$31,491	7	$12,673	24	$32,710	6	$10,705	148	$19,864	42	$7,335
Arizona.....	1	11,500	0	0	1	25,000	2	29,750	1	35,000	0	0	8	24,625	3	20,833
California.....	0	0	0	0	0	0	0	0	1	58,000	0	0	4	25,750	2	10,250
Colorado.....	1	16,000	2	3,500	1	9,000	1	1,500	2	67,500	3	17,333	23	15,857	8	9,250
Idaho.....	2	10,250	1	1,500	2	28,500	1	10,600	5	21,400	1	7,000	32	17,409	8	5,342
Kansas.....	0	0	0	0	0	0	0	0	1	27,000	0	0	1	27,000	0	0
Montana.....	1	43,000	1	7,500	1	19,500	0	0	1	32,000	0	0	10	20,178	1	7,500
Nevada.....	1	21,000	0	0	0	0	0	0	1	12,000	0	0	5	23,040	0	0
New Mexico.....	0	0	0	0	3	43,333	0	0	2	53,500	0	0	13	22,092	3	2,233
Oregon.....	0	0	1	4,500	0	0	0	0	1	20,000	0	0	7	16,287	2	3,688
Utah.....	0	0	5	10,470	6	25,841	1	3,610	3	37,393	1	2,230	25	22,910	9	7,520
Washington.....	2	7,742	1	1,000	1	8,310	1	8,000	6	23,292	1	3,000	16	13,146	5	2,720
Wyoming.....	0	0	0	0	1	100,000	1	5,500	0	0	0	0	4	47,450	1	5,500

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Table II

Water Facilities Loans, Maturities and Collections, Cumulative as of June 30, 1951 1/

State	Cumulative Loan Obligations 2/ (1)	Cumulative Loan Advances 2/ (2)	Matured Principal (3)	Collections			Principal		Outstanding Principal Balance of Loan Advances (9)	Ratio of Principal Repayments to Matured Principal (10)
				Principal Repayments (4)	Interest Payments (5)	Totals (6)	Write-Offs (7)	Judgments (8)		
U. S. Totals	$ 17,296,225	$ 17,034,140	$ 7,426,116	$ 7,442,924	$ 957,765	$ 8,400,689	$ 2,594	$ 2,111	$ 9,586,511	100.2
Arizona	590,940	587,574	184,071	177,707	37,114	214,821			409,867	96.5
California	1,364,560	1,370,066	510,461	527,350	66,214	593,564			842,716	103.3
Colorado	1,186,075	1,175,807	471,133	465,419	64,827	530,246			710,388	98.8
Idaho	1,612,768	1,513,454	698,218	697,314	118,801	816,115	145		815,995	99.9
Kansas	538,004	514,563	244,148	239,356	23,536	262,892	476		274,731	98.0
Montana	1,162,282	1,170,345	303,321	315,902	52,024	367,926			854,443	104.1
Nebraska	739,159	742,118	402,197	403,331	36,114	439,445	94		338,693	100.3
Nevada	199,774	203,201	75,015	80,619	14,249	94,868			122,582	107.5
New Mexico	863,123	750,754	284,197	273,774	32,607	306,381	394		476,586	96.3
North Dakota	229,331	228,701	124,903	123,396	8,101	131,497			105,305	98.8
Oklahoma	924,878	924,250	480,716	485,454	45,593	531,047	42		438,754	101.0
Oregon	918,795	908,123	413,326	412,936	51,705	464,641	42	400	494,745	99.9
South Dakota	317,308	314,714	154,329	144,439	13,179	157,618		295	169,980	93.6
Texas	2,614,850	2,632,197	1,778,301	1,778,362	169,618	1,947,980	413	918	852,504	100.0
Utah	1,514,704	1,468,072	420,498	431,292	104,639	535,931	613	240	1,035,927	102.6
Washington	1,562,838	1,563,280	439,996	434,467	57,618	492,085			1,128,813	98.9
Wyoming	956,836	966,921	441,286	451,806	61,826	513,632	375	258	514,482	102.4

1/ Includes Water Facilities loans to individuals and groups. 2/ Amounts reflected are cumulative obligations from inception of the program, including $3,035,258 obligated from "Loans, Grants and Rural Rehabilitation" funds. Loan advances represent charges to borrowers' accounts. The difference between obligations and advances represents unliquidated obligations, non-cash advances, and transfers of accounts between states for collection purposes.

(d) Farm Tenant-Mortgage Insurance Fund, Farmers' Home Administration

This budget schedule covers an account established pursuant to Sections 11 (a) and 12 (c) (2) of the Farmers' Home Administration Act of 1946, approved August 14, 1946, (Public Law 731) which authorized the appropriation of not to exceed $25,000,000 for the establishment of such fund. The sum of $1,000,000 was provided in the Department of Agriculture Appropriation Act, 1948, for the establishment of the capital fund. This amount is to be supplemented by initial and annual charges collected from insured mortgagors and by such initial fees for inspection, appraisal and other charges as the Secretary of Agriculture finds necessary. One-half of the initial and annual charges collected from insured mortgagors as the premium for insurance and such amounts as are appropriated under Section 11 (a) are available for payments with respect to insured mortgages under Sections 12 and 13 of the Act. Pursuant to the authority contained in the Act, moneys not needed for current operations are being invested in direct obligations of the United States. The other one-half of the initial and annual charges, together with such fees for inspection, appraisal and other charges as the Secretary may determine are available for administrative expenses in carrying out the provisions of the Act. It is estimated that receipts derived from these sources during the fiscal year 1952 available for administrative expenses will amount to approximately $225,000.

It is estimated that assets of the capital fund, including receivables and the amount of $1,000,000 originally appropriated, at June 30, 1952 will be approximately $2,158,000.

There was a steady increase in the number of farm ownership loans insured each year from the beginning of the program in October 1947 through the third quarter of the fiscal year 1951. However, the estimates for 1952 and 1953 reflect the current lack of investment capital as illustrated by the following table:

Fiscal Year 1951		Fiscal Year 1952		Fiscal Year 1953	
Number	Amount	Number	Amount	Number	Amount
2,205	$17,870,799	1,000	$8,200,000	1,000	$8,200,000

(e) Disaster Loans, Etc., Revolving Fund, Department of Agriculture

Public Law 38 (81st Congress), approved April 6, 1949, abolished the Regional Agricultural Credit Corporation and established a revolving fund of approximately $45,000,000 with the Corporation's assets to be used by the Secretary of Agriculture in making and servicing the following types of loans:

(1) Disaster loans to farmers and stockmen in areas designated by the Secretary who have suffered a production disaster as a result of floods, storms, freezes, drought, insect infestation or other similar causes, and who are unable to obtain from commercial banks, cooperative lending institutions or other established sources the credit needed to replace or repair the property damaged or destroyed by the disaster and to continue their farming operations. These loans bear 3 percent interest.

(2) Fur loans, pursuant to the provisions of Title II of Public Law 860 (80th Congress) to bona fide fur farmers actually engaged in breeding or production of fur-bearing animals in captivity and who are unable to obtain necessary credit from other sources to enable them to continue their fur-farming operations. These loans bear 5 percent interest and are scheduled for repayment within a maximum period of five years. Authority for making fur loans expires June 30, 1953 and not more than a total of $4,000,000 may be outstanding for all such loans made.

(3) Orchard loans, authorized by Public Law 665 (81st Congress), approved August 5, 1950, which amended Public Law 38, to owners or operators of established farms in any area or region where, beginning in 1941, the former Regional Agricultural Credit Corporation had made credit available and the Secretary finds a continued need for such credit which is not readily available from other established local sources. No orchard loan may be made in excess of $10,000 and the total amount outstanding for all such loans to any borrower may not exceed $20,000. These loans bear 5 percent interest and are repayable within a period not to exceed five years, depending on the purposes for which funds are advanced, the useful life of security offered and the individual borrower's repayment ability. Orchard loans may not be made after August 4, 1953 and the total amount outstanding at any one time for all such loans may not exceed $2,000,000. Loans are being made under this authority in the Wenatchee-Okanogan area of the State of Washington.

Through the enactment of Public Law 202, (82nd Congress), the revolving fund established pursuant to Public Law 38 was increased by $30,000,000. This appropriation was made to enable the Department to make disaster loans to farmers unable to secure credit from other sources for replacing or repairing farm homes and buildings, equipment, replacing livestock, etc., damaged or destroyed by floods during the summer of 1951 in Kansas, Missouri, Oklahoma, Nebraska, Illinois, Iowa, and Wisconsin.

Obligations by activities for the fiscal year 1951 and estimates for 1952 and 1953 are as follows:

	Actual 1951	Estimate 1952	Estimate 1953
1. Disaster loans 1/	$19,370,424	$45,194,831	$41,350,000
2. Loans to fur farmers	1,092,702	750,000	750,000
3. Salaries and expenses	1,045,537	2,491,300	2,416,300
Total accrued expenditures	$21,508,663	$48,436,131	$44,516,300

1/ Includes orchard loans

The number and amount of disaster, fur and orchard loans made from April 6, 1949 1/, the beginning of the program, to June 30, 1951 are as follows. Also attached is a statement providing a breakdown of this information by states.

Type of Loan	Obligations April 6, 1949 1/ to June 30, 1951 Number of Borrowers	Amount of Loans
Disaster loans	34,563	$49,964,885
Fur loans	230	3,079,034
Orchard loans	12 1/	89,400 1/

1/ Orchard loans were not authorized until August 5, 1950.

Loan status: The status of these loans as of June 30, 1951 is as follows:

	Loan Advances	Principal Maturities	Principal Collections	Interest Collections
Disaster loans	$49,605,964	$26,127,829	$22,658,007	$619,854
Fur loans	3,062,248	1,813,191	1,554,522	73,704
Orchard loans	37,385	5,420	5,420	79
	$52,705,597	$27,946,440	$24,217,949	$693,637

The 1952 and 1953 Programs

Since the inception of the program of generally short-term emergency credit assistance authorized by Public Law 38 on April 6, 1949, the nation has experienced unprecedented production disasters through adverse weather conditions, floods and heavy insect infestations which materially reduced crop yields and resulted in serious livestock losses and property damage in many areas. These conditions have resulted in widespread need among farmers in these areas for credit not available through banks, cooperative credit agencies or other established sources. To date disaster loans have been authorized in designated counties or all of forty-four states and in Hawaii and Puerto Rico because of production disasters occurring in 1949, 1950 and 1951. In some of these designated areas, farmers have suffered heavy losses in two or even three successive years because of disasters. For example, freezes in January and February of 1949 caused severe damage to the citrus and vegetable crops in the Rio Grande Valley

of Texas and in the Imperial Valley of California, necessitating the designation of these areas for disaster loan assistance. A subsequent freeze in the winter of 1949-50 caused serious damage to crops in the Imperial Valley and another freeze in the winter of 1950-51 did more damage to the citrus trees and growing crops in the Rio Grande Valley of Texas than was done in the previous year. In many of the cotton producing states of the southeast and southwest excessive rainfall and heavy boll weevil infestations in 1949 necessitated the designation of these areas for disaster loan assistance to enable farmers to continue their operations in 1950. The damage from these causes during 1950 was even more severe in the cotton growing states of the South, thus requiring the continuation of disaster loan assistance for 1951 operations. It now appears that many areas in the South will again require aid under this program during 1952 because of losses due to drought and other adverse weather conditions.

During the summer of 1951 floods along the Missouri River and its tributaries caused extremely heavy damage to land, buildings and crops in Kansas and Missouri and in portions of Oklahoma, Iowa, Illinois, Wisconsin and Nebraska. Farmers in these areas will require considerable assistance through disaster loans for the repair or replacement of their buildings, fences, the rehabilitation of their lands, the replacement of livestock lost in the floods and to meet farm and home operating expenses for 1952 and several subsequent years. Drought conditions in New Mexico, Texas, Oklahoma and in other scattered areas also will necessitate heavy lending through this program in 1952.

Though initial disaster loans are usually discontinued in each designated area at the end of the next crop year following the disaster, it is necessary that subsequent loans be made in these areas for a longer period to many borrowers to enable them to recoup their losses from the disaster and get in position to obtain credit from their usual sources.

In view of the continuing need for subsequent credit assistance in large areas that have been designated for disaster loans in prior years, the need for initial loans in those areas that have suffered damage in 1951, and disaster damage which, based on experience, might be expected in other areas during 1952, it is possible that more funds will be required for disaster loans in 1952 and in 1953 than in any prior year. However, due to the nature of the program, it is extremely difficult to project the loan needs of the current and budget years with any reasonable degree of accuracy.

A statement reflecting the status of this revolving fund follows:

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Disaster Loan Revolving Fund

	1949	1950	1951	1952 (Estimated)	1953 (Estimated)
Balance beginning of year	$45,494,334	$44,550,601	$14,900,244	a/$46,422,256	$16,986,125
Collections	- -	1,630,227	23,030,675	19,000,000	33,830,000
Total Available	45,494,334	46,180,828	37,930,919	65,422,256	50,816,125
Loans made	929,922	30,796,567	20,463,126	45,944,831	42,100,000
Administrative expenses	13,811	484,017	1,045,537	2,491,300	2,416,300
Total accrued expenditures	943,733	31,280,584	21,508,663	48,436,131	44,516,300
Balance, end of year	44,550,601	14,900,244	16,422,256	16,986,125	6,299,825

a/ Includes $30,000,000 appropriated by the Flood Rehabilitation Act, 1952 (P.L. 202), approved October 24, 1951

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Table I - Disaster, Fur, and Orchard Loans Made Under Public Law 38,
1951 Fiscal Year and Cumulative From 1949

State and territory	Disaster loans						Fur loans					
	1951 fiscal year				1949, 1950 and 1951 fiscal years		1951 fiscal year				1949, 1950 and 1951 fiscal years	
	Initial		Subsequent				Initial		Subsequent			
	Number	Amount	Number	Amount	Number of borrowers	Total amount 1/	Number	Amount	Number	Amount	Number of borrowers	Total amount 1/
	1	2	3	4	5	6	7	8	9	10	11	12
U. S. Total	-	-	-	-	-	-	87	$390,302	88	$702,400	230	$3,079,034
Disaster and Orchard	8,851	$12,562,925	4,265	$6,683,426	34,575	$50,054,285	-	-	-	-	-	-
Disaster only	8,839	12,532,640	4,252	6,624,311	34,563	49,964,885	-	-	-	-	-	-
Alabama	639	546,545	193	131,171	2,945	1,860,696	0	0	0	0	0	0
Arizona	3	14,400	0	0	28	66,420	0	0	0	0	0	0
Arkansas	275	811,670	1,205	1,181,235	3,907	7,346,859	0	0	0	0	0	0
California	80	529,419	131	642,857	646	3,478,078	1	6,000	1	8,000	1	14,000
Colorado	89	301,595	16	72,700	145	757,971	9	23,500	29	186,930	41	612,397
Connecticut	2	8,500	3	4,595	25	91,915	0	0	0	0	0	0
Delaware	0	0	0	0	0	0	0	0	0	0	0	0
Florida	74	722,110	13	102,460	275	1,690,530	0	0	0	0	0	0
Georgia	1,234	1,429,710	398	400,070	4,557	4,519,881	0	0	0	0	0	0
Idaho	10	41,825	18	58,470	93	343,598	4	20,750	1	1,800	10	45,640
Illinois	0	0	0	0	0	0	4	26,150	6	106,000	13	439,960
Indiana	0	0	0	0	0	0	5	34,400	2	20,350	8	97,885
Iowa	0	0	0	0	0	0	0	0	0	0	0	0
Kansas	1	315	26	12,750	447	307,435	0	0	0	0	0	0
Kentucky	0	0	0	0	0	0	0	0	0	0	0	0
Louisiana	69	479,300	28	224,930	469	1,335,759	0	0	0	0	0	0
Maine	0	0	3	1,080	79	116,465	0	0	0	0	0	0
Maryland	0	0	0	0	0	0	0	0	0	0	0	0
Massachusetts	0	0	3	46,700	49	200,535	0	0	0	0	1	5,000
Michigan	0	0	0	0	0	0	6	74,000	8	54,925	21	306,227
Minnesota	83	63,445	3	1,614	181	117,284	1	380	2	6,000	11	76,883
Mississippi	1,492	1,537,065	1,094	1,974,077	6,589	9,301,513	0	0	0	0	0	0
Missouri	101	426,450	17	20,930	453	843,780	0	0	0	0	0	0
Montana	22	56,020	31	55,935	203	406,295	1	3,000	0	0	1	3,000
Nebraska	2	12,835	0	0	5	21,765	0	0	0	0	0	0
Nevada	3	110,335	2	2,000	37	403,759	0	0	0	0	0	0
New Hampshire	2	18,000	1	400	16	86,380	0	0	0	0	0	0
New Jersey	24	75,250	15	30,045	172	498,133	3	10,000	0	0	4	15,000
New Mexico	14	14,470	0	0	14	14,470	1	2,260	0	0	1	2,260
New York	9	51,100	17	314,375	180	1,010,837	1	1,000	1	3,500	2	21,288
North Carolina	542	445,175	63	27,460	1,564	892,215	0	0	0	0	0	0
North Dakota	197	116,435	35	21,375	1,707	863,310	1	400	0	0	1	400
Ohio	0	0	0	0	0	0	1	1,500	0	0	1	1,500
Oklahoma	568	365,475	31	10,295	568	375,770	0	0	0	0	0	0
Oregon	75	410,620	4	15,050	870	939,165	1	8,600	5	25,100	7	93,050
Pennsylvania	0	0	0	0	0	0	1	8,007	0	0	1	8,007
Rhode Island	0	0	4	16,935	14	60,935	0	0	0	0	0	0
South Carolina	1,332	991,185	413	313,571	4,156	2,847,332	0	0	0	0	0	0
South Dakota	228	153,150	38	26,750	228	179,900	1	5,000	0	0	1	5,000
Tennessee	275	218,095	114	21,874	1,009	493,779	0	0	0	0	0	0
Texas	1,288	2,228,346	261	383,333	2,221	5,226,810	0	0	0	0	0	0
Utah	1	1,800	1	2,500	67	450,586	23	52,550	13	74,930	49	275,095
Vermont	14	86,085	2	4,300	79	211,845	0	0	0	0	0	0
Virginia	10	78,500	42	430,045	33	1,095,815	0	0	0	0	0	0
Washington	15	51,535	23	67,684	54	222,281	11	58,155	8	46,960	25	213,810
West Virginia	8	25,965	0	0	8	25,965	0	0	0	0	0	0
Wisconsin	3	3,075	4	4,745	348	459,384	12	54,650	12	167,905	31	842,632
Wyoming	0	0	0	0	67	692,595	0	0	0	0	0	0
Alaska	0	0	0	0	0	0	0	0	0	0	0	0
Hawaii	36	40,945	0	0	36	40,945	0	0	0	0	0	0
Puerto Rico	19	65,895	0	0	19	65,895	0	0	0	0	0	0
Virgin Islands	0	0	0	0	0	0	0	0	0	0	0	0
Orchard loans												
Washington	12	30,285	13	59,115	12	89,400						

1/ Amount of initial and subsequent loans.

CHANGE IN LANGUAGE

The estimates propose deletion of the following language:

> [Farmers Home Administration: For an additional amount for the Disaster Loan Revolving Fund established under Public Law 38, approved April 6, 1949, $30,000,000.]

This change is for the purpose of deleting language contained in the Flood Rehabilitation Act, 1952, appropriating an additional $30,000,000 to the Disaster Loan Revolving Fund for use in connection with disaster loans to farmers in the midwestern flood-stricken areas.

STATEMENT OF OBLIGATIONS UNDER REVOLVING FUNDS, ALLOTMENTS AND OTHER FUNDS

Item	Obligations, 1951	Estimated obligations, 1952	Estimated obligations, 1953
Farm Tenant-Mortgage Insurance Fund:			
Revolving fund for payments with respect to insured mortgages under Sections 12 and 13 of the Farmers' Home Administration Act of 1946 ...	$141,351	$269,000	$286,000
Disaster Loans, etc., Revolving Fund, Department of Agriculture (Allotment to Farmers' Home Administration):			
For making emergency loans to farmers and stockmen suffering production disasters and for other purposes in accordance with provisions of P.L. 38, 81st Congress	21,493,767	48,419,831	44,500,000
State Rural Rehabilitation Corporation Funds (Trust Accounts):			
Funds of State Rural Rehabilitation Corporations made available to the Department for rural rehabilitation purposes within the several states as follows:			
Salaries and expenses	865,391	441,500	162,400
Rural rehabilitation projects ...	13,651	14,214	6,129
Loans	1,492	1,000	1,000
Return of trust funds to states ...	12,500	- -	- -
Total, State Rural Rehabilitation Corporation Funds	893,034	456,714	169,529
State Rural Rehabilitation Funds - New Agreements, Farmers' Home Administration (Trust Account):			
Funds of States administered by the Secretary under agreements entered into between the Secretary and individual States in accordance with the provisions of P. L. 499:			
Salaries and expenses	238,724	1,069,600	1,397,500
Loans	3,577,475	12,000,000	8,000,000
Total State Rural Rehabilitation Funds - New Agreements	3,816,199	13,069,600	9,397,500

Item	Obligations, 1951	Estimated obligations, 1952	Estimated obligations, 1953
Flood Control, Agriculture (Farmers' Home Administration):			
For General Basin investigations ..	- -	9,000	10,000
Working Fund, Agriculture, General (Farmers' Home Administration), Advanced from Atomic Energy Commission:			
For relocation activities in Savannah River Area	489	- -	- -
Mutual Security (Allotment to Agriculture) (Farmers' Home Administration):			
For expenses incident to foreign trainee program	- -	2,009	- -
Obligations under reimbursements from Governmental and other agencies:			
Salaries and expenses:			
Farm tenant mortgage insurance fund	80,000	208,000	225,000
Other	42,507	117,000	100,000
Total.....	122,507	325,000	325,000
TOTAL, OBLIGATIONS UNDER REVOLVING FUNDS, ALLOTMENTS, AND OTHER FUNDS..	26,467,347	62,551,154	54,688,029

PASSENGER MOTOR VEHICLES

The Budget estimate for 1953 contemplates the replacement of 12 passenger motor vehicles at a net average cost of $1,000 per vehicle. The number proposed for replacement constitutes 25% of the total number of cars now being operated. The estimated mileage of the 12 cars to be replaced is as follows:

1 car over 90,000
10 cars over 70,000
1 car at 68,000

These automobiles are being replaced in order to provide necessary transportation in State and Area Finance Offices for those employees who are required to travel intermittently in carrying out their duties in the field. They will be used whenever possible in providing pool transportation between specific points.

FARM CREDIT ADMINISTRATION

Purpose Statement

The Farm Credit Administration, established pursuant to Executive Order 6084 dated March 27, 1933, is charged with the responsibility of supervising and coordinating the Farm Credit System, which is a national farm loan program for agricultural credit provided through the following basic institutions: the Federal land banks and national farm loan associations, Federal intermediate credit banks, production credit corporations and production credit associations, banks for cooperatives, and the Federal Farm Mortgage Corporation. Its objective is to provide a dependable source of long-term and short-term credit at all times to farmers and farmers' cooperative associations on a sound credit basis through coordinated cooperative credit facilities and to obtain loan funds from the investing public without the necessity of the Government guaranteeing the securities issued. A fundamental principle of the Administration is the encouragement and development of agricultural cooperative institutions with complete farmer ownership the ultimate objective, especially insofar as the institutions it supervises are concerned. In addition to the lending programs under its supervision the Administration provides research and service facilities to farmers' cooperative associations, as authorized and directed by the Cooperative Marketing Act of 1926.

The Federal Farm Mortgage Corporation and Central Bank for Cooperatives are in Washington, D. C.; Farm Credit district offices are at:

Springfield, Mass.	New Orleans, La.	Wichita, Kansas
Baltimore, Md.	St. Louis, Mo.	Houston, Texas
Columbia, S. C.	St. Paul, Minn.	Berkeley, Calif.
Louisville, Ky.	Omaha, Nebr.	Spokane, Wash.

On November 30, 1951, the Administration had 391 full-time employees of whom 263 are in Washington. The 128 field employees are registrars, appraisers and examiners.

	Estimated, 1952	Budget Estimate, 1953
Salaries and expenses	$2,753,100	$2,753,100

(a) Salaries and Expenses

Appropriation Act, 1952	$2,725,000
Anticipated pay adjustment supplemental	+31,000
Additional assessments for pay adjustment costs	+137,000*
Decrease in assessments due to assumption by the Federal land banks of costs of certain Farm Credit Administration land appraisal activities	-139,900*
Base for 1953	2,753,100
Budget Estimate, 1953	2,753,100
Change	- -

PROJECT STATEMENT

Project	1951	1952 (estimated)	Increase or Decrease	1953 (estimated)
1. Supervision and examination of and facilities and services to farm credit banks and corporations	$2,203,691	$2,322,100	- -	$2,322,100
2. Research and technical assistance, including facilities and services to farmers' cooperatives	525,561	431,000	- -	431,000
Unobligated balance	54,139	- -	- -	- -
Total pay adjustment costs	[- -]	[193,500]	[+4,000]	[197,500]
Total available or estimate	2,783,391	2,753,100	- -	2,753,100
Comparative transfer to "Salaries and Expenses, Office of Information"	+300	- -		
Reduction pursuant to Sec. 1214	+5,000	- -		
Anticipated pay adjustment supplemental	- -	-31,000		
Additional assessments due to pay adjustments	- -	-137,000		
Decrease in assessments due to assumption by the Federal land banks of costs of certain Farm Credit Administration land appraisal activities	- -	+139,900		
Total appropriation or estimate	2,788,691	2,725,000		

*Note: In the fiscal year 1952 the salaries and related expenses of all employees under the supervision of the Chief Reviewing Appraisers of the 12 Farm Credit Districts engaged in land appraisal activities, heretofore paid from "Salaries and expenses, Farm Credit

Administration" by assessments against the Federal Land Banks, have been transferred and are being paid as direct expenses of the Banks. This results in a reduction of $139,900 in assessments below the amount authorized in the 1952 Agricultural Appropriation Act. It is proposed to use $137,000 of this reduction to absorb part of the pay adjustment costs under Public Law 201 for the fiscal year 1952.

Sources of Funds

	Estimate, 1952	Budget Estimate, 1953	Increase or Decrease
Direct appropriation from U. S. Treasury	$400,000	$431,000	+$31,000
Anticipated pay adjustment supplemental	31,000	- -	-31,000
Total	431,000	431,000	- -
Reimbursements from "Administrative Expenses and Refunds, Farm Credit Administration", for cost of supervision and examination of and facilities and services to:			
Federal land banks	1,143,200	1,143,200	- -
Banks for cooperatives	287,900	287,900	- -
Federal Farm Mortgage Corporation	109,000	109,000	- -
Federal intermediate credit banks	349,800	349,800	- -
Production credit corporations	272,300	272,300	- -
Production credit associations, and other	159,900	159,900	- -
Total	2,322,100	2,322,100	- -
Total available or estimate	2,753,100	2,753,100	- -

STATUS OF PROGRAM

Farm Credit Administration is a supervisory agency established May 27, 1933, by Executive Order 6084 to provide the banks and corporations comprising the Farm Credit System with centralized and coordinated supervision and examination, and to furnish facilities and services which are essential to the operation of the System and to its progress towards becoming wholly farmer owned. A correlated function is to assist farmers in the organization and management of cooperative enterprises.

A well coordinated system offering all types of agricultural credit must be maintained if the benefits of Farm Credit legislation are to be fully realized; for this reason, the supervision and coordination of the Farm Credit System are especially important. Farm Credit Administration's supervisory program is adjusted from year to year to relate its activities to the requirements and problems of the several credit institutions and farmers' cooperatives. The program has two broad phases which are described below.

Supervision and examination of and facilities and services to Farm Credit banks and corporations

The Farm Credit System is comprised of 12 districts, each having a district office through which agricultural credit services are available to farmers and their cooperatives everywhere in the United States. The banks and corporations located at the 12 district offices are engaged either in making or discounting loans to farmers and their cooperatives or in the supervision of those lending activities. The Federal land banks make amortized real estate mortgage loans through national farm loan associations and act as agents of the Federal Farm Mortgage Corporation in servicing its assets. The district banks for cooperatives make loans to finance the production, marketing, and service operations of farmers' cooperatives. The production credit corporations are not lending agencies; they supervise the production credit associations in their crop, livestock, and general purpose loan operations and provide a part of their capital. The Federal intermediate credit banks provide agricultural loan discount facilities for production credit associations and other eligible financial institutions. National farm loan associations (farmer-owned) and production credit associations (189 of which are farmer-owned) are credit cooperatives located in farm communities to provide convenient mortgage and production credit service to their owner-members.

The Federal Farm Mortgage Corporation and the Central Bank for Cooperatives are in Washington. The Federal Farm Mortgage Corporation discontinued making Land Bank Commissioner loans on July 1, 1947, and has since made substantial progress in the liquidation of its assets--principally loans outstanding as of that date. The Central Bank for Cooperatives participates with district banks for cooperatives in their loans to farmers' cooperatives and makes loans to cooperatives whose activities are carried on in more than one Farm Credit district.

Influence of the Farm Credit System in the Agricultural Credit Field.--Other lenders are providing the major portion of farm mortgage credit; they now hold about 83 percent of all farm mortgages. However, the influence of the Farm Credit System in the agricultural lending field is substantially greater than might be indicated by the relatively small percentage of credit it provides. The system continues to set the agricultural credit pattern as its interest rates and loan terms meet the specific requirements of farmers and their cooperatives. To maintain this desirable influence the system must continue to do a reasonable share of the farm loan business everywhere in the United States and must have resources to assure efficient and effective organizations.

Source of Funds.--Most of the funds used by the Farm Credit System for loan operations are obtained from the sale of bonds and debentures. Such bonds and debentures are secured by notes and mortgages deposited as collateral with Farm Credit Administration and are not guaranteed by the Government, either as to principal or interest.

Loan Activity.--As indicated above, the major part of the Farm Credit System loan program is carried on in the field by the banks and corporations at the district offices and the associations in farm communities. During 1951 the Farm Credit System made loans and discounts of approximately $3,862,000,000 an increase of 26 percent from 1950. Loans and discounts in the amount of $2,800,250,000 were outstanding at the end of the year; this figure includes balances of prior years' loans and Federal intermediate credit bank loans to and discounts for other Farm Credit agencies.

Significance of the Program.--Effective Farm Credit Administration supervision and examination have promoted the development of the Farm Credit System. The system has developed sound administrative management and the facilities and services made available by the Administration have enabled it to serve farmers well. The steady increase in the number of farmers participating in cooperative credit indicates their confidence in the Farm Credit System, and demonstrates that with effective leadership such credit system is desirable and feasible. Objectives of the Farm Credit System which can be attained best through coordinated effort under central supervision are:

1. To assure farmers a permanent source of credit by strengthening the Farm Credit institutions so that they may discharge their responsibilities under any foreseeable situation.

2. To assure dependable sources of loan funds, which are of first importance to any credit system, by maintaining the confidence of investors in Farm Credit securities through adherence to sound credit principles and maintenance of strong financial structures.

3. To accomplish the retirement of Government capital without impairing the effectiveness of the system.

Current Activities.--In the mortgage credit field the high price level of farms makes complex the application of the principle of normal agricultural values in appraisal work incident to making loans. Appraisal standards are being reviewed and research is being performed to determine values which can be considered normal under present and anticipated economic conditions. The application of this principle retards inflationary trends and, as a further means to this end, the Administration participates with major lending institutions in evaluating the trends of agricultural economics and credits.

Farm Credit Administration is assisting the credit institutions in the interpretation and application of Federal credit regulations to their lending operations, and in the conservation of materials and manpower The institutions have restricted loans for facilities, equipment, and inventories to real needs.

Interest income, interest expense, and capital problems of the Farm Credit institutions are the subject of continuing analysis. Interest rate increases for certain classes of loans have been authorized, having been found justified due to higher interest cost on borrowed money and increases in operating costs.

Investigation is being made of the demand for an intermediate term loan. Loan terms are generally one year for short-term loans and not less than five for long term. There is some indication that loan terms of two to five years would be advantageous to farmers who shift from one type of farming to another, make capital improvements, or whose operations are not in phase with available loan terms. The study now under way is for the purpose of determining the extent of this need and means of meeting it.

The changing farm commodity price situation and agricultural economic trends make necessary the continuation of studies to provide Farm Credit officials with conclusions and with forecasts relating to such things as commodity prices, loan experience, and farm operating costs.

Liquidation of Federal Farm Mortgage Corporation Assets.--Farm Credit Administration will continue the supervision of the liquidation of Federal Farm Mortgage Corporation assets. During 1951 the Corporation's outstanding loans were reduced approximately 25 percent in amount and 20 percent in number. As of June 30, 1951, outstanding loans amount to $37,147,000. The proportion of problem loans increases as the inventory decreases; this and economic and agricultural conditions will affect the rate of loan liquidation in 1952 and 1953. Satisfactory progress is being made in the disposal of mineral reservations held by the Corporation in 17,000 tracts. The sale of these reservations to surface owners was authorized by Public Law 760-81st Congress. Dividends of $14,000,000 were paid into the United States Treasury in 1951.

Selected Data on Operations.--Farm Credit System activities and trends for recent years are illustrated in the tables which follow this narrative statement.

Research and technical assistance including facilities and services to farmers' cooperatives

Farm Credit Administration is directed by the Cooperative Marketing Act of 1926 to further the development of agricultural cooperation in the United States. The Administration does research for farmer cooperatives, provides them with advisory and educational services, and disseminates information on the subject.

Current Activities.--At present the Administration has 50 research projects in progress. Service activities are a continuing responsibility and arise out of current needs of cooperatives for information or assistance. Educational work relating to cooperatives is carried on jointly with State extension services, departments of vocational education, and with farmers and their organizations. Priority is given to services which will enable cooperatives to contribute effectively to the rearmament program, and to assistance to Defense Agencies.

Selected Examples of Recent Progress.--Following are examples of research projects completed recently:

Factors Affecting Costs of Packing California and Arizona Citrus Fruit.--This study was undertaken at the request of California citrus cooperatives to explore the possibilities and suggest means of reducing packing costs. The study revealed that packinghouses handling more than 600,000 boxes had average costs of 83 cents, while packinghouses handling less than 200,000 had average costs of 93½ cents per packed box. It also was shown that an increase in volume of 25 percent reduced costs 5 cents and an increase in volume of 50 percent reduced costs 10 cents per box. Results of the study were published in August 1950. Since that time several instances have occurred of two or more local cooperative packinghouses merging to reduce packing costs.

A Study of Petroleum Operations of Farmer Cooperatives.--This study was conducted, at the request of the National Cooperative Oil Committee, to determine the extent to which farmers obtain petroleum through cooperatives and to provide information on their producing and distributing facilities. In 1950 approximately one million farmers purchased more than 1.4 billion gallons of liquid petroleum (about one-sixth of the total used by farmers) from 2,200 local and 29 regional cooperatives. Farmer cooperatives had $177 million invested in petroleum facilities in 1949. The costs of petroleum products to farmer members have been lowered substantially by cooperative purchasing, the quality of products has been protected, and delivery service has been improved.

Study Relative to a Central Marketing Agency for Northeastern Egg and Poultry Cooperatives.--The Division of Cooperatives of the Northeastern Poultry Producers Council requested a study of the feasibility of a central marketing agency or federation for more than 60 egg and poultry marketing cooperatives in the Northeastern States. Two-thirds of the 60 associations contacted agreed that definite benefits would be obtained by the cooperatives from such joint action. The report on this study recommended seven progressive and alternative plans which have been used by this organization to set up a cooperative sales and service federation.

FARM CREDIT ADMINISTRATION

Table 1 - Amount of loans and discounts made, by fiscal years, 1948 through 1951

Institution	1948	1949	1950	1951
Farm mortgage loans:				
Federal land banks	$139,958,331	$163,696,466	$199,409,873	$205,777,689
Land Bank Commissioner	1,352,554	10,106	26,185	46,418
Total	141,310,885	163,706,572	199,436,058	205,824,107
Loans to cooperatives:				
Federal intermediate credit banks 1/	14,459,607	12,145,786	8,226,825	12,427,866
Banks for cooperatives 2/	547,528,483	458,716,117	372,629,298	509,553,818
Agricultural Marketing Act revolving fund 1/	1,400,000	1,000,000	700,000	700,000
Total	563,388,090	471,861,903	381,556,123	522,681,684
Other loans and discounts:				
Production credit associations 1/	849,771,290	956,367,720	967,737,941	1,222,213,553
Federal intermediate credit banks (excluding loans to cooperatives) 1/	1,403,480,025	1,598,472,452	1,511,401,448	1,911,268,875
Total	2,253,251,315	2,554,840,172	2,479,139,389	3,133,482,428
Grand total	2,957,950,290	3,190,408,647	3,060,131,570	3,861,988,219

1/ Includes renewals.
2/ Excludes advances under CCC programs.

FARM CREDIT ADMINISTRATION

Table 2 - Amount of loans and discounts outstanding as of June 30 for specified years

Institution	1948	1949	1950	1951
Farm mortgage loans:				
Federal land banks	$864,275,595	$880,137,999	$930,703,611	$974,388,604
Land Bank Commissioner	87,962,222	65,496,576	49,494,029	37,147,200
Joint stock land banks	3,489	3,250	-	-
Total	952,241,106	945,637,825	980,197,640	1,011,535,804
Loans to cooperatives:				
Federal intermediate credit banks	1,170,285	646,077	591,574	2,500,000
Banks for cooperatives 1/	231,518,249	248,008,208	244,605,580	311,280,234
Agricultural Marketing Act revolving fund	1,121,024	915,303	1,159,083	805,083
Total	233,809,558	249,569,588	246,356,237	314,585,317
Other loans and discounts:				
Production credit associations	464,831,438	528,026,386	531,133,429	681,998,094
Federal intermediate credit banks (excluding loans to cooperatives)	564,164,391	642,956,359	590,597,716	792,133,159
Total	1,028,995,829	1,170,982,745	1,121,731,145	1,474,131,253
Grand total	2,215,046,493	2,366,190,158	2,348,285,022	2,800,252,374

1/ Excludes advances under CCC programs.

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FARM CREDIT ADMINISTRATION

Table 3 - Gross assets as of June 30 for specified years

Institution	1948	1949	1950	1951
Farm mortgage credit:				
Federal land banks	$1,034,760,328	$1,029,997,976	$1,083,264,224	$1,113,923,072
Federal Farm Mortgage Corporation	140,147,872	73,995 835	57,657,720	43,806,472
Total	1,174,908,200	1,103,993,811	1,140,921,944	1,157,729,544
Short-term credit:				
Production credit corporations	98,728,323	63,639,983	59,299,531	55,739,663
Production credit associations	589,197,684	661,262 852	671,065,708	833, 57,734
Federal intermediate credit banks	628,401,736	707,940,058	r/ 655,309,390	862,454,021
Banks for cooperatives	290,445 112	312,815,324	317,067,995	381,076,350
Total	1,606,772,855	1,745,658,217	r/1,702,742,624	2,133,027,768
Institutions in process of liquidation:				
Agricultural Marketing Act revolving fund 1/	184,058,871	184,033,444	184,045,518	184,487,966
Joint stock land banks	1,116,725	558,518	328,112	-
Total	185,175,596	184,591,962	184,373,630	184,487,966
Grand total	2,966,856,651	3,034,243,990	r/3,028,038,198	3,475,245,278

r/ Revised.
1/ Includes loans to stabilization corporations.

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Table 4 - SELECTED COMPARATIVE DATA ON FEDERAL LAND BANKS

Item	June 30, 1949	June 30, 1950	June 30, 1951
Gross assets	$1,029,997,976	$1,083,264,224	$1,113,923,072
Loans outstanding:			
Number	303,567	308,798	308,258
Amount	$880,137,999	$930,703,611	$974,388,604
Loans closed during year ended:			
Number	35,186	43,508	40,377
Amount	$163,696,466	$199,409,873	$205,777,689
Loans purchased from FFMC during year ended:			
Number	2,240	1,264	817
Amount	$2,620,189	$1,400,627	$831,686
Repayments of loans during year ended	1/$114,648,620	1/$105,046,186	1/$113,692,996
Loans delinquent:			
Number	13,190	14,964	13,331
Amount	2/	2/	2/
Percent of loans delinquent:			
Number	4.3	4.8	4.3
Amount	2/	2/	2/
Real estate and sheriffs' certificates acquired during the year ended:			
Number	16	22	27
Investment	$52,309	$78,132	$62,229
Real estate and sheriffs' certificates disposed of during the year ended:			
Number:			
Whole	23	21	21
Part	3	2	2
Investment	$87,177	$62,058	$78,006
Real estate and sheriffs' certificates on hand:			
Number	22	23	29
Investment	$75,642	$95,249	$78,869
Bonds outstanding	$646,402,500	$715,601,500	$714,786,500
Capital stock and surplus paid in -			
United States Government	-	-	-
Capital stock owned by borrowers	$56,915,403	$59,287,930	$61,507,783
Earned surplus	$107,765,178	$114,933,674	$123,952,232
Legal reserve	$95,584,131	$97,557,587	$99,813,059
Number of associations	r/1,233	1,216	1,203

1/ Includes principal matured, special principal payments, loans paid off prior to maturity.
2/ Not available.
r/ Revised.

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Table 5 - SELECTED COMPARATIVE DATA ON FEDERAL INTERMEDIATE CREDIT BANKS

Item	June 30, 1949	June 30, 1950	June 30, 1951
Gross assets	$707,940,058	r/ $655,309,390	$862 454,021
Loans and discounts outstanding	$643,602.436	$591,189,290	$794,633,159
Loans and discounts made during year ended 1/	$1,610,618,238	$1,519,628,273	$1,923,696,741
Repayments of loans during year 1/	$1,532,350,479	$1,572,041,419	$1,720,252,872
Loans delinquent - amount	$9,094,761	$4,295.465	$5,353,450
Percent of loans delinquent	1.41	0.73	0.67
Debentures outstanding	$598,440,000	$543.925,000	$742,570,000
Debentures issued during year	$735,400,000	$727,055,000	$903,610,000
Franchise tax	2/ $260,666	3/ $393,660	4/ $299,525
Capital stock (owned by U. S. Government)	$60,000,000	$60,000,000	$60,000,000
Surplus paid in	$500,000	-	$1,150,000
Earned surplus	$25,269,216	$26,450,196	$27,348,769
Reserve for contingencies	$10,820,000	$12,050,000	$13,075,000

r/ Revised.

1/ Includes renewals.
2/ Represents tax for the fiscal year ended June 30, 1949, paid in July 1949.
3/ Represents tax for the fiscal year ended June 30, 1950, paid in July 1950.
4/ Represents tax for the fiscal year ended June 30, 1951, paid in July 1951.

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Table 6 - SELECTED COMPARATIVE DATA ON BANKS FOR COOPERATIVES

Item	June 30, 1949	June 30, 1950	June 30, 1951
Gross assets	$312,815,324	$317,067,995	$381,076,350
Number of borrowing cooperatives	1,666	1,754	1,920
Loans made during year ended	$458,716,117	$372,629,298	$509,553,818
Repayments of loans during year	$440,890,994	$372,482,923	$441,006,664
Loans outstanding	$248,008,208	$244,605,580	$311,280,234
Unmatured debentures outstanding	-	$30,000,000	$30,000,000
Capital stock or guaranty fund owned by borrowers	$13,916,300	$14,085,900	$16,485,100
Capital stock owned by U. S. Government	$178,500,000	$178,500,000	$178,500,000
Earned surplus	$28,435,022	$32,518,720	$37,348,434
Legal reserve	$11,979,326	$13,457,225	$15,155,464
Reserve for contingencies	$5,800,000	$6,150,000	$6,415,000

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Table 7 - SELECTED COMPARATIVE DATA ON PRODUCTION CREDIT CORPORATIONS AND PRODUCTION CREDIT ASSOCIATIONS

Item	June 30, 1949	June 30, 1950	June 30, 1951
Production credit corporations:			
Gross assets	$63,639,983	$59,299,531	$55,739,663
Capital stock - U. S. Government	$46,235,000	$42,235,000	$39,235,000
Earned surplus	$17,140,663	$15,801,372	$16,200,750
Production credit associations:			
Gross assets	$661,262,852	$671,065,708	$833,757,734
Number of associations	503	502	500
Number of member-stockholders	451,118	460,936	469,463
Number of loans made during year 1/	285,363	282,693	286,619
Amount of loans made during year ended 1/	$956,367,720	$967,737,941	$1,222,213,553
Number of loans outstanding	252,458	252,412	255,523
Amount of loans outstanding	$528,026,386	$531,133,429	$681,998,094
Repayments of loans during year:			
Number of loans repaid in full	185,929	184,825	189,887
Total amount of repayments	$726,177,069	$771,304,919	$864,033,951
Renewals:			
Number	78,373	97,107	92,674
Amount	$166,671,201	$192,468,570	$206,706,537
Loans delinquent:			
Number	3,109	4,340	3,976
Amount	$4,855,137	$5,707,711	$5,221,531
Percent of loans delinquent:			
Number	1.2	1.7	1.6
Amount	0.9	1.1	0.8
Stock owned by members (largely class B)	$61,940,628	$67,192,709	$77,094,902
Stock owned by production credit corporations (class A)	$24,994,500	$18,065,850	$12,656,500
Reserve for guaranty fund	$9,284,500	$8,963,000	$9,230,000
Reserve for contingencies	$40,462,457	$47,712,848	$54,426,360
Unapplied earnings	$4,681,435	$4,451 585	$5,780,239

1/ Includes renewals.

FC

Table 8 - SELECTED COMPARATIVE DATA ON FEDERAL FARM MORTGAGE CORPORATION

Item	June 30, 1949	June 30, 1950	June 30, 1951
Gross assets	$73,995,835	$57,657,720	$43,806,472
Loans outstanding:			
Number	73,380	59,148	47,440
Amount	$65,496,576	$49,494,029	$37,147,200
Loans closed during year ended:			
Number	11	30	43
Amount	$10,106	$26,185	$46,418
Repayments of loans during year ended	1/2/$22,347,305	2/3/$15,979,964	2/4/$12,221,716
Loans delinquent:			
Number	6,495	6,045	4,423
Amount	5/	5/	5/
Percent of loans delinquent:			
Number	8.9	10.2	9.3
Amount	5/	5/	5/
Real estate and sheriffs' certificates acquired during the year ended:			
Number	20	21	20
Investment	$37,934	$50,263	$31,595
Real estate and sheriffs' certificates disposed of during the year ended:			
Number:			
Whole	31	19	17
Part	4	1	1
Investment	$80,973	$38,384	$66,643
Real estate and sheriffs' certificates on hand:			
Number	15	17	20
Investment	$32,490	$55,972	$52,312
Bonds outstanding	$500,000	-	-
Capital stock	$10,000	$10,000	$10,000
Earned surplus	$62,661,031	$49,029,069	$37,683,293

1/ Includes loans sold to FLB in the amount of $2,620,189.
2/ Includes principal matured, special principal payments, and loans paid off prior to maturity.
3/ Includes loans sold to FLB in the amount of $1,400,625.
4/ Includes loans sold to FLB in the amount of $831,686.
5/ Not available.

FC

(b) Administrative Expenses and Refunds

Appropriation Act, 1952	$2,325,000
Additional assessments for pay adjustment costs	+137,000
Decrease in assessments due to assumption by the Federal land banks of costs of certain Farm Credit Administration land appraisal activities	-139,900
Base for 1953	2,322,100
Budget Estimate, 1953	2,322,100
Change	- -

Assessments collected from Farm Credit banks and corporations are appropriated to this account. These funds are advanced to the appropriation "Salaries and Expenses, Farm Credit Administration", to cover the estimated cost of supervision and annual examination of said institutions by the Farm Credit Administration. At the end of each fiscal year, settlement is made with the assessed institutions. (12 U.S.C. 832)

(c) Agricultural Marketing Revolving Fund

These funds are invested in the capital stock of the 13 banks for cooperatives, and loans are made to cooperative associations indebted to the fund to facilitate the collection of such indebtedness (12 U.S.C. 1134b, 1141d).

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

Item	Obligations, 1951	Estimated obligations, 1952	Estimated obligations, 1953
Agricultural Marketing Act (RMA--Title II), Agriculture (Farm Credit Administration):			
For marketing research and services ...	$212,575	$198,500	$222,500
Flood Control, Agriculture (Farm Credit Administration):			
For general basin investigations in the New England-New York areas	- -	1,500	6,000
Working Fund, Agriculture, General (Farm Credit Administration):			
For expenses incident to the training of Japanese agricultural leaders in the general field of agriculture	146	124	- -
Mutual Security (Allotment to Agriculture) (Farm Credit Administration):			
For expenses incident to the foreign trainee program	1,439	a/ 4,306	- -
Obligations under reimbursements from Governmental and other agencies:			
Salaries and expenses	7,541	- -	- -
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS	221,701	204,430	228,500

a/ Preliminary.

EXTENSION SERVICE

Purpose Statement

The Smith-Lever Act of May 8, 1914, inaugurated the present nationwide system of cooperative Federal-State extension work in agriculture and home economics. Its function is to take the research results, farm situation, and program facts of the Department of Agriculture and the State Agricultural Colleges and Experiment Stations to farm people in terms of local, ready-for-use application. The activities of the entire cooperative extension organization are directed toward:

1. The improvement of farm income through the application of science and farm mechanization. Emphasis at present is on increased production, decreased production costs, and improved marketing.
2. The improvement of health through better nutrition and more adequate health facilities and services.
3. The improvement of family living through better housing, rural electrification, and more adequate labor saving equipment.
4. The improvement of educational and recreational facilities for the home and the community.
5. The development of a better understanding of, and more effective participation in community, State, national, and international affairs to the end that constructive policies may be determined.
6. Conservation of resources for the benefit of the nation and future generations.

Funds for payments to States are distributed to each State, Alaska, Puerto Rico and Hawaii, partly on the basis of prescribed amounts and partly on the basis of the rural population, the farm population, and, within limitations, as the Secretary may determine. The cooperative extension service derives its finances from Federal, State, county and local sources. These funds are used within the States for the employment of county agents, home demonstration agents, 4-H Club agents, State specialists and others who conduct among rural people the joint educational programs adopted for local application.

The Federal Extension Service maintains its central office in Washington and carries on its functions through the State extension services in cooperation with the 51 State and Territorial Land-Grant colleges, and a network of county extension offices in more than 3,000 counties.

On November 30, 1951, there were approximately 12,700 State and county extension workers attached to the State organizations, and 264 Federal employees, 200 of whom were in Washington.

	Estimated, 1952	Budget Estimate, 1953
Appropriated Funds:		
Payments to States, Hawaii, Alaska, and Puerto Rico	$31,846,250	$31,880,379
Salaries and expenses	908,000	905,000
Total appropriated funds ...	32,754,250	32,785,379

Summary of Appropriations, 1952 and Estimates, 1953

Item	Total estimated available, 1952	Budget estimates, 1953	Increase(+) or Decrease(-)
Payments to States:			
Capper-Ketcham Act	$1,480,000	$1,480,000	- -
Bankhead-Jones Act, Title II:			
Section 21	12,000,000	12,000,000	- -
Section 23	a/12,500,000	12,500,000	- -
Additional extension work	555,000	555,000	- -
Alaska	56,100	59,858	+$3,758
Puerto Rico	510,850	541,221	+30,371
Housing Act of 1949, Title V:			
Section 506a	33,050	33,050	- -
Cooperative agricultural extension work (permanent)	4,711,250	4,711,250	- -
Total, Payments to States	31,846,250	31,880,379	+34,129
Salaries and expenses	b/908,000	905,000	-3,000
Total	32,754,250	32,785,379	+31,129
Deduct permanent appropriation:			
Cooperative agricultural extension work	-4,711,250	-4,711,250	- -
Total, direct annual appropriations	28,043,000	28,074,129	+31,129

a/ Includes $20,255 estimated savings due to Section 409 of 1952 Agricultural Appropriation Act. Of this amount, $17,000 is being used to meet pay adjustment costs in 1952, leaving $3,255 in reserve.

b/ Includes estimated supplemental of $58,000 for pay adjustment costs pursuant to Public Law 201.

(a) Payments to States, Hawaii, Alaska, and Puerto Rico for Cooperative Agricultural Extension Work

Appropriation Act, 1952	$27,135,000
Budget Estimate, 1953	27,169,129
Increase	+34,129

SUMMARY OF INCREASES, 1953

To reflect change in rural population in Alaska, as shown in the 1950 Census	+3,758
To reflect change in rural population in Puerto Rico, as shown in the 1950 Census	+ 783
To provide for the further development in Puerto Rico of extension work in agriculture and home economics as authorized by the Act of October 26, 1949	+29,588

PROJECT STATEMENT

Project	1951	1952 (estimated)	Increase or Decrease	1953 (estimated)
1. Capper-Ketcham Act (Act of May 22, 1928)	$1,480,000	$1,480,000	--	$1,480,000
2. Bankhead-Jones Act, section 21, title II (Act of June 29, 1935)	12,000,000	12,000,000	--	12,000,000
3. Bankhead-Jones Act, section 23, title II of the Act approved June 29, 1935, as amended by the Act of June 6, 1945:	12,250,000	12,250,000	--	12,250,000
Administrative expenses, Federal Extension Service	235,256	a/ 250,000	--	250,000
4. Additional Extension Work (Act of April 24, 1939)	555,000	555,000	--	555,000
5. Alaska:				
(Act of Feb. 23, 1929)	13,950	13,950	+ 3,350(1)	17,300
(Act of Oct. 27, 1949)	42,150	42,150	+ 408(1)	42,558
6. Puerto Rico:				
(Act of Aug. 28, 1937)	408,000	408,000	--	408,000
(Sec. 3, Act of March 4, 1931 Extension of Capper-Ketcham Act to Puerto Rico)	31,348	31,348	+ 783(2)	32,131
(Act of Oct. 26, 1949, P.L. 406)	40,000	71,502	+29,588(3)	101,090

a/ Includes $20,255 estimated saving due to Section 409 of 1952 Agricultural Appropriation Act. Of this amount $17,000 is being used to meet pay adjustment costs in 1952, leaving $3,255 in reserve.

Project	1951	1952 (estimated)	Increase or Decrease	1953 (estimated)
7. Housing Act of 1949, Title V, section 506a	33,050	33,050	- -	33,050
Unobligated balance	14,744	- -	- -	- -
Total pay adjustment costs	[- -]	[17,000]	[+120]	[17,120]
Total available or estimate	27,103,498	27,135,000	+34,129	27,169,129

INCREASES

(1) An increase of $3,758 to reflect change in rural population in Alaska as shown by the 1950 Census. The funds allotted to Alaska are computed on the same per capita formula as is used for the 48 States, but as required by law, without diminishing or increasing the allotments to the States. These increases are authorized by the Acts extending to Alaska the benefits of the Smith-Lever Act, and the Capper-Ketcham Act to Alaska, and are composed of the following items:

(a) Increase under the Act of Feb. 23, 1929+$3,350
(b) Increase under the Act of Oct. 27, 1949 +408

(2) An increase of $783 under the Act of March 4, 1931 to reflect change in rural population in Puerto Rico as shown by the 1950 Census. This increase is computed in a manner similar to that described above for Alaska.

(3) An increase of $29,588 to strengthen extension work in food production and conservation, nutrition, health, home industries and 4-H Club work, under the Act of October 26, 1949 (extension of Section 23 of Title II of the Bankhead-Jones Act to Puerto Rico).

Objective: To intensify extension work in Puerto Rico to stimulate the production and conservation of food, and to improve the living and health standards of rural people.

Authorization: The Act of October 26, 1949 (P.L. 406) extends the benefits of Section 23, Title II of the Bankhead-Jones Act to Puerto Rico and authorizes an appropriation of $101,090 for the first fiscal year following enactment and an additional sum of $100,000 for each succeeding year until the appropriation of $401,090 annually is reached. The amount authorized for fiscal year 1953 is $301,090. The amount of $71,502 was appropriated for fiscal year 1952.

The Problem and Significance: More than 2,000,000 people directly, or indirectly depend on the agricultural production of the Island for their living. Two-thirds of the land is hilly or mountainous. Rainfall is heavy in many sections and therefore erosion becomes an extremely important problem. With the steadily increasing population, which is now over 600 people per square mile, there is a great need of conserving the land and having it produce efficiently so as to supply the demand for food. The dissemination of information is more difficult in Puerto Rico than in the States. Many farm and home visits are made on foot or horseback due to the mountains and poor roads. Rural people cannot be reached with information through the radio or telephone because the great majority of the rural people do not have access to them. They cannot be reached adequately through the press and bulletins as about half of the rural adults cannot read and there is no rural free delivery of mail. Most of the rural people can be reached effectively only through personal contacts at their homes. These conditions make a larger staff necessary than for the same number of rural families in the States. At the present time there are only 96 agricultural agents and 80 home demonstration agents to reach the 250,000 rural families, which is too heavy a work load to teach intensive production and conservation of food crops, and carry on 4-H Club work and other extension programs.

There is an urgent need for additional home demonstration agents to work with women and girls who are not being reached at present, in improving their living and health standards and stimulating the production of more food products for home use. Improper nutrition is one of their greatest problems. Nutrition and health are closely related, and lack of proper feeding and sanitation are responsible for the low health standard of a large proportion of rural families.

The 4-H Club program needs to be strengthened materially. There are over 354,000 boys and girls of club age in the rural areas, only 18,834 of whom are enrolled in 4-H Club work. Most of these young people leave school before reaching the sixth grade, with practically no training in skills which they could use to earn a living. A great many of them have no opportunities for social guidance, are sickly, and practically unskilled for work and economic production and become more and more a public liability. They need to be given opportunities and guidance in 4-H Club work to cultivate their abilities and direct their interests. Training in food production and conservation, farm skills and repair of tools and machinery, home industries, and the whole range of extension educational activities would be of great benefit to them.

Plan of Work: The additional funds requested would make possible the employment of 2 agricultural agents, 2 home demonstration agents, and one 4-H Club leader to help rural families adopt improved methods and practices in the production and marketing of crops and livestock, erosion control, food preservation, and the betterment of their health and nutritional standards.

PAYMENTS TO STATES AND TERRITORIES

Funds available for fiscal year 1952 for direct payments to States, Hawaii, Alaska, and Puerto Rico for cooperative agricultural extension work total $31,596,250. In addition, $88,180 was allotted from funds appropriated to the Department of Agriculture for State and Private Forestry Cooperation, and $406,600 under the Agricultural Marketing Act (Title II-RMA).

The entire amount for payments to the States and Territories is paid directly to a designated officer in each State and Territory and the funds are disbursed by them in accordance with budgets and programs of work submitted by the State directors of extension and approved by the Secretary of Agriculture. Some offset by States and Territories is required by law before the funds become available. At present extension work is being financed about 40 percent from Federal sources and about 60 percent from State and local sources. The funds are used by the States for carrying on extension work with rural people. Paid workers are being assisted by a network of voluntary neighborhood leaders who cooperate in carrying out extension programs.

The use of these funds is indicated in greater detail in the following tables. Table 1 indicates the sources of funds allotted for cooperative extension work in the States, Alaska, Hawaii, and Puerto Rico for 1952 including allotments for Farm Housing and Agricultural Marketing. Table 2 shows estimated direct payments to the States and Territories for 1953 indicating those which require offset by State, county or local funds, those where such offset is not required, and the basis of allotment. Table 3 indicates the various classes of field agents employed with extension funds.

U. S. DEPARTMENT OF AGRICULTURE
EXTENSION SERVICE
SOURCES OF FUNDS ALLOTTED FOR COOPERATIVE EXTENSION WORK IN STATES, ALASKA, HAWAII, AND PUERTO RICO
FOR THE FISCAL YEAR ENDING JUNE 30, 1952

STATES	GRAND TOTAL	TOTAL FEDERAL FUNDS	TOTAL WITHIN THE STATES	FUNDS FROM FEDERAL SOURCES								FUNDS FROM WITHIN THE STATES		
				SMITH-LEVER	BANKHEAD-JONES SECTION 21 TITLE II	BANKHEAD-JONES SECTION 23 TITLE II	CAPPER-KETCHAM	ADDITIONAL COOPERATIVE	CLARKE-MCNARY FORESTRY	FARM HOUSING TITLE V HOUSING ACT OF 1949	RESEARCH AND MARKETING ACT TITLE II SEC. 204(b) *	STATE AND COLLEGE	COUNTY	LOCAL NON-PUBLIC SOURCES
Alabama	$ 2,442,477.28	$ 1,212,079.37	$ 1,230,397.91	$ 141,234.52	$ 502,475.28	$ 514,435.98	$ 35,959.44	$ 3,724.15	$ 1,620.00	$ 640.00	$ 11,990.00	$ 688,397.91	$ 542,000.00	$ -
Arizona	418,684.43	188,919.01	229,765.42	35,257.55	61,113.21	68,836.68	23,071.57	-	-	640.00	-	196,659.95	33,105.47	-
Arkansas	1,696,773.87	996,556.87	700,217.00	107,127.45	419,860.17	426,348.18	31,811.68	6,949.16	1,620.00	640.00	2,200.23	459,050.00	241,167.00	-
California	3,531,241.27	723,225.03	2,808,016.24	164,542.36	[illegible],837.46	256,791.30	38,793.91	-	1,620.00	640.00	-	1,838,224.24	959,792.00	10,000.00
Colorado	996,811.00	359,513.64	637,297.36	47,248.54	110,836.10	141,853.37	24,529.80	27,395.83	1,260.00	640.00	5,750.00	335,000.00	302,297.36	-
Connecticut	561,564.21	173,148.21	388,416.00	43,637.53	57,650.95	40,145.07	24,090.66	-	1,620.00	640.00	5,364.00	275,755.00	92,371.00	20,290.00
Delaware	185,620.23	101,720.23	83,900.00	19,009.98	36,515.26	18,459.29	21,095.70	-	-	640.00	6,000.00	75,500.00	5,000.00	3,400.00
Florida	1,210,567.80	365,679.80	844,888.00	82,170.23	129,651.51	121,915.18	28,776.63	-	1,620.00	640.00	906.25	454,475.00	390,413.00	-
Georgia	2,459,686.63	1,256,707.63	1,202,979.00	152,595.74	511,293.31	523,838.15	37,341.08	26,432.70	3,240.00	640.00	1,326.65	650,000.00	546,679.00	6,300.00
Idaho	795,122.44	277,796.93	517,325.51	35,377.27	92,773.63	119,594.39	23,086.13	3,445.51	2,880.00	640.00	-	277,565.51	221,760.00	18,000.00
Illinois	2,754,336.77	964,349.90	1,789,986.87	157,673.33	371,653.23	374,947.87	37,958.57	10,736.90	3,240.00	640.00	7,500.00	761,039.00	10,000.00	1,018,947.87
Indiana	2,230,454.71	804,816.71	1,425,638.00	129,535.05	313,278.64	312,706.35	34,536.67	-	1,620.00	640.00	12,500.00	818,711.00	606,927.00	-
Iowa	2,539,823.22	903,253.99	1,636,569.23	113,826.30	354,375.33	356,525.41	32,626.32	28,020.63	3,240.00	640.00	14,000.00	827,593.81	342,475.42	466,500.00
Kansas	2,511,662.14	641,619.22	1,870,042.92	78,849.00	238,032.79	232,475.97	28,372.73	50,228.73	1,620.00	640.00	11,400.00	388,502.92	1,275,900.00	205,640.00
Kentucky	1,914,009.53	1,150,050.68	763,958.85	149,999.55	473,004.01	483,012.44	37,025.36	-	1,620.00	640.00	4,749.32	425,416.00	338,542.85	-
Louisiana	2,076,251.58	795,861.95	1,280,389.63	101,716.25	326,764.51	327,085.57	31,153.62	-	1,620.00	640.00	6,882.00	1,078,101.01	196,668.62	5,620.00
Maine	447,906.81	231,964.81	215,942.00	43,477.15	83,322.64	72,517.33	24,071.16	2,216.53	1,620.00	640.00	4,100.00	160,992.00	54,950.00	-
Maryland	1,011,785.86	310,881.86	700,904.00	64,325.78	108,235.27	94,080.25	26,606.56	-	1,620.00	640.00	15,374.00	600,924.00	99,980.00	-
Massachusetts	1,042,363.34	231,674.31	810,689.03	65,049.08	72,883.76	56,386.95	26,694.52	-	1,620.00	640.00	8,400.00	313,871.00	496,818.03	-
Michigan	2,336,506.49	885,817.49	1,450,689.00	149,046.42	332,829.40	333,552.22	36,909.45	-	3,240.00	640.00	29,600.00	1,042,186.00	408,503.00	-
Minnesota	1,744,728.72	858,231.47	886,497.25	112,955.61	348,555.43	350,319.99	32,520.44	-	3,240.00	640.00	10,000.00	383,437.00	460,060.25	43,000.00
Mississippi	2,332,884.64	1,247,054.88	1,085,829.76	129,198.24	524,051.38	537,441.35	34,495.71	-	3,240.00	640.00	17,988.20	516,571.26	522,016.00	47,242.50
Missouri	2,196,611.24	1,038,329.44	1,158,281.80	125,161.38	424,282.66	431,063.63	34,004.79	1,686.98	1,620.00	640.00	19,870.00	461,400.00	501,347.75	195,534.05
Montana	864,323.93	288,983.93	575,340.00	35,132.42	83,243.96	107,433.45	23,056.36	32,217.74	1,260.00	640.00	6,000.00	280,309.00	290,856.00	4,175.00
Nebraska	1,369,990.92	542,956.94	827,033.98	63,322.97	198,975.81	197,131.74	26,484.61	49,781.81	1,620.00	640.00	5,000.00	463,033.98	364,000.00	-
Nevada	237,448.70	118,159.96	119,288.74	14,984.97	25,698.11	43,075.58	20,606.22	11,955.08	1,200.00	640.00	-	69,878.24	49,410.50	-
New Hampshire	419,180.90	132,230.46	286,950.44	27,045.71	45,320.00	28,997.28	22,072.93	1,134.54	1,620.00	640.00	5,400.00	171,716.07	115,234.37	-
New Jersey	966,864.62	221,635.30	745,229.32	59,068.59	71,390.79	54,795.08	25,967.24	8,153.60	1,620.00	640.00	-	366,046.00	379,183.32	-
New Mexico	758,357.33	271,023.59	487,333.74	35,579.92	84,068.40	111,312.49	23,110.78	-	-	640.00	16,312.00	348,973.74	132,360.00	6,000.00
New York	4,115,160.26	804,242.39	3,310,917.87	171,979.78	282,400.98	279,783.26	39,698.37	-	3,240.00	640.00	26,500.00	1,524,525.87	1,539,192.00	247,200.00
North Carolina	4,098,072.92	1,517,860.92	2,580,212.00	214,045.69	616,134.72	635,624.59	44,814.01	-	1,620.00	640.00	4,981.91	1,599,112.00	981,100.00	-
North Dakota	858,028.37	419,529.37	438,499.00	44,366.38	137,807.12	162,611.04	24,179.30	38,705.53	1,620.00	640.00	9,600.00	138,272.00	300,227.00	-
Ohio	2,061,489.90	1,064,180.61	997,309.29	188,901.95	411,078.06	416,984.32	41,756.28	-	1,620.00	640.00	3,200.00	518,275.00	453,076.29	25,958.00
Oklahoma	1,938,959.66	904,752.93	1,034,206.73	92,700.04	354,232.35	356,372.97	30,057.16	51,344.98	1,620.00	640.00	17,785.43	885,078.00	149,128.73	-
Oregon	1,838,640.83	351,435.87	1,487,204.96	63,060.32	112,951.25	137,108.63	26,452.67	-	1,620.00	640.00	9,603.00	1,112,288.75	374,916.21	-
Pennsylvania	2,130,810.47	997,532.47	1,133,278.00	244,314.95	348,623.69	350,392.77	48,495.06	-	1,620.00	640.00	3,446.00	853,278.00	280,000.00	-
Rhode Island	168,890.68	75,210.21	93,680.47	19,105.86	26,217.56	6,629.43	21,107.36	-	-	-	2,150.00	70,727.80	19,025.00	3,927.67
South Carolina	1,617,183.25	854,527.66	762,655.59	111,683.30	349,274.61	351,086.81	32,365.72	2,352.22	3,240.00	640.00	3,885.00	659,300.00	96,215.59	7,140.00
South Dakota	976,174.66	411,931.66	564,243.00	43,008.52	130,397.99	150,711.11	24,014.17	59,839.87	1,620.00	640.00	1,700.00	367,998.00	192,365.00	3,880.00
Tennessee	2,061,622.77	1,155,299.77	906,323.00	149,290.30	478,227.94	488,582.42	36,939.11	-	1,620.00	640.00	-	554,829.00	350,494.00	1,000.00
Texas	4,079,512.56	1,991,574.56	2,087,938.00	227,354.19	795,775.47	827,165.32	46,432.46	82,238.79	1,620.00	640.00	10,348.33	779,096.50	1,304,111.50	4,730.00
Utah	543,137.69	214,547.69	328,590.00	27,971.56	57,596.34	80,086.85	22,185.52	13,607.42	1,260.00	640.00	11,200.00	230,000.00	98,590.00	-
Vermont	399,516.12	169,298.65	230,217.47	28,126.32	58,269.54	52,804.64	22,204.34	5,453.81	1,300.00	640.00	500.00	167,000.00	63,217.47	-
Virginia	2,409,313.94	939,006.44	1,470,307.50	143,243.18	374,361.83	377,835.89	36,203.72	-	3,240.00	640.00	3,481.82	1,149,392.50	320,915.00	-
Washington	1,292,955.50	416,269.53	876,685.97	76,559.29	142,282.78	160,383.18	28,094.28	-	1,620.00	640.00	6,690.00	490,238.50	386,447.47	-
West Virginia	1,076,347.19	562,917.19	513,430.00	109,285.56	211,331.54	204,005.96	32,074.13	-	1,620.00	640.00	3,960.00	362,180.00	147,500.00	3,750.00
Wisconsin	2,053,542.66	852,248.53	1,201,294.13	119,651.49	337,178.24	338,189.14	33,334.73	1,214.93	3,240.00	640.00	18,800.00	502,810.13	698,484.00	-
Wyoming	565,679.01	186,441.31	379,237.70	21,202.43	46,185.03	72,919.61	21,362.33	19,571.91	1,260.00	640.00	3,300.00	255,034.70	124,203.00	-
Alaska	116,740.00	56,740.00	60,000.00	13,950.00	20,808.00	862.00	20,480.00	-	-	640.00	-	60,000.00	-	-
Hawaii	493,514.48	187,828.79	305,685.69	21,501.02	66,699.96	49,793.52	21,398.64	16,590.65	-	640.00	11,205.00	298,185.69	-	7,500.00
Puerto Rico	1,028,221.00	641,809.95	386,411.05	109,748.95	408,000.00	71,502.00	31,348.00	-	1,620.00	640.00	18,951.00	386,411.05	-	-
Unallotted	21,599.86	21,599.86	-	-	-	13,850.00	-	-	-	1,050.00	6,699.86	-	-	-
GRAND TOTAL	$79,999,154.39	$32,091,029.97	$47,908,124.42	$4,725,199.97	$12,428,808.00	$12,322,364.00	$1,531,628.00	$555,000.00	$88,180.00	$33,050.00	$406,600.00	$27,693,363.13	$17,859,026.20	$2,355,735.09

* - Preliminary distribution
Excludes Regional Contract Section 205

964-(9-51)

Table 2.— Statement of direct payments to States, Hawaii, Alaska, and Puerto Rico, indicating those requiring offset by States and Territories, those not requiring such offset, and basis of distributions, as estimated for 1953.

Item	Total estimate, 1953	Amount to be paid without offset	Amount requiring offset and basis of allotment	
			Amount	Basis of Allotment
1. Permanent annual appropriation (Smith-Lever Act)	$ 4,711,250a/	$500,000	$4,211,250	Rural population
2. Capper-Ketcham Act	1,480,000b/	980,000	500,000	Rural population
3. Bankhead-Jones Act, Section 21, Title II	12,000,000c/	12,000,000	- -	Farm population
4. Bankhead-Jones Act, Section 23, Title II of the Act approved June 29, 1935, as amended by the Act of June 6, 1945	12,250,000	- -	12,250,000	Farm population except $500,000 to be allotted by Secretary of Agriculture on basis of special needs.
5. Additional extension work	555,000	555,000	- -	Specified by law
6. Alaska:				
Act of February 23, 1929 (Extension of Smith-Lever Act to Alaska)	17,300d/	10,000	7,300	Rural population
Act of October 27, 1949 (Public Law 417)	42,558			
(Extension of Capper-Ketcham Act to Alaska)	e/	20,000	888	Rural population
(Extension of Bankhead-Jones Act, Title II, Section 21 to Alaska)	f/	20,308	- -	Farm population

(Continued on next page)

Item	Total estimate, 1953	Amount to be paid without offset	Amount requiring offset and basis of allotment	
			Amount	Basis of Allotment
(Extension of Bankhead-Jones Act, Title II Section 23, to Alaska)	--	--	862	Farm population
7. Puerto Rico: Act of Aug. 28, 1937: (Extension of Bankhead-Jones Act, Section 21 to Puerto Rico).	$408,000	$408,000	--	Specified by law
Act of March 4, 1931, Section 3 (Extension of Capper-Ketcham Act to Puerto Rico)	32,131g/	20,000	12,131	Rural population
Act of Oct. 26, 1949 (Public Law 406) (Extension of Bankhead-Jones Act, Section 23, Title II to Puerto Rico) ...	101,090	--	101,090	Farm population
8. Housing Act of 1949, Title V, Section 506a (Public Law 171)..	33,050	33,050	--	Discretion of Secretary
Total, direct Federal payments...	31,630,379	14,546,858	17,083,521	

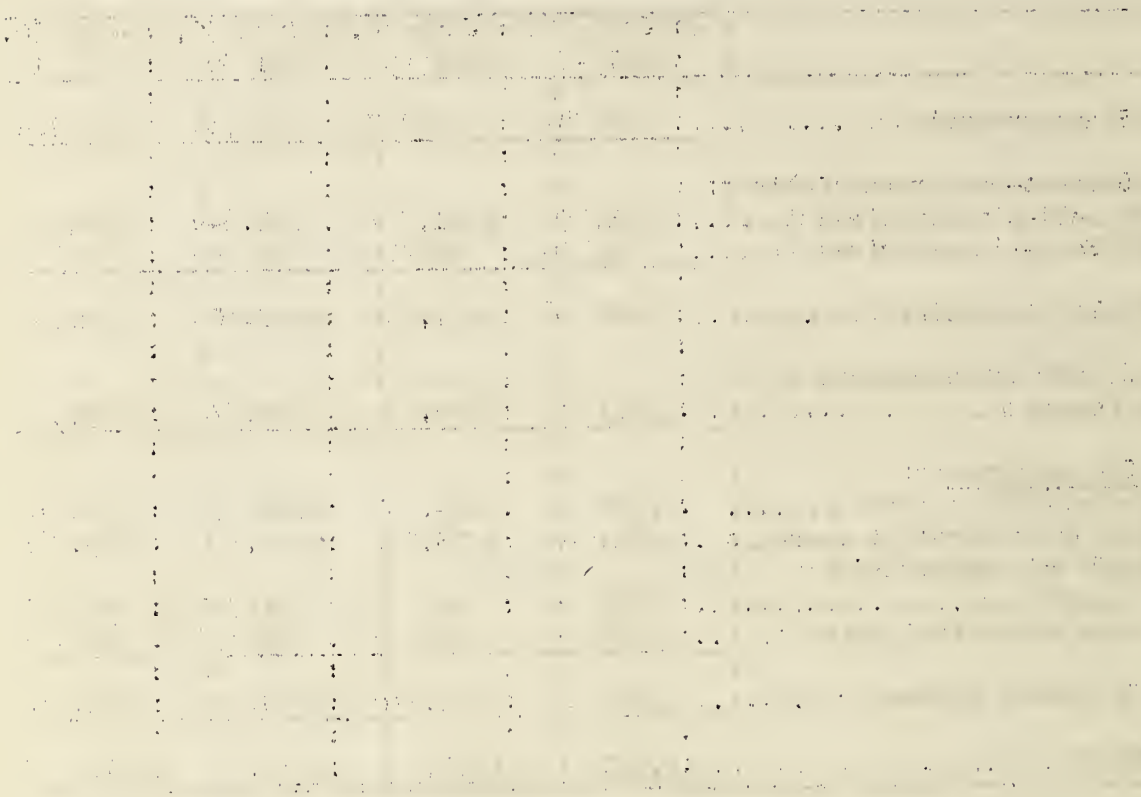
a/ $10,000 to each State, Hawaii, and Puerto Rico.
b/ $20,000 to each State and Hawaii.
c/ $20,000 to each State, Hawaii (balance on farm population basis).
d/ $10,000 to Alaska (Act of February 23, 1929) (balance on rural population).
e/ $20,000 to Alaska (balance on rural population).
f/ $20,000 to Alaska (balance on farm population).
g/ $20,000 to Puerto Rico (balance on rural population).

Table 3. -- Extension field agents employed June 30, 1948, 1949, 1950, and 1951

	June 30, 1948	June 30, 1949	June 30, 1950	June 30, 1951
State supervisors	747	767	764	784
Subject-matter specialists:				
Full-time specialists	1,456	1,507	1,649	1,697
Part-time specialists	420	426	459	551
Total specialists	1,876	1,933	2,108	2,248
Total with headquarters at colleges	2,623	2,700	2,872	3,032
County workers:				
Agricultural agents	4,492	4,687	4,866	4,910
Home demonstration agents	2,949	3,064	3,178	3,261
Boys' and girls' club agents	650	627	731	a/ 652
Negro extension agents	726	732	773	787
Total county workers	8,817	9,110	9,548	9,610
TOTAL	11,440	11,810	12,420	12,642

Number of agricultural counties in the States, Hawaii, and Puerto Rico 3,106
Number of agricultural counties now having one or more agents 3,047

a/ These are special 4-H Club workers. In the majority of States, Alaska, Hawaii, and Puerto Rico, 4-H Club work is conducted by county agents, county home demonstration agents, and assistants.



STATUS OF PROGRAM

1. General: The primary function of the Cooperative Extension Service in agriculture and home economics is education. The nationwide extension service is performing this function in an ever-widening range of subject-matter and with the aid of an increasing number of techniques. The broad objective is to improve the economic welfare, nutrition and health, family and community life of rural people and to help them solve the many inter-related problems which affect their lives.

 At present there are 12,642 technically trained workers including 119 Directors and Assistant Directors; 5,296 county agricultural agents working with farmers and boys and supervising extension work within their respective counties. 3,658 home demonstration agents working with homemakers and girls, 665 State supervisors, 656 4-H Club agents working exclusively with rural young people, 2,248 subject-matter specialists.

 Federal, State and County governments share in the cost of maintaining the cooperative extension service. The biggest increase in extension funds in recent years has come from State and local sources which now contribute 60% of the total funds, reflecting the strong local support for cooperative extension work. More than two-thirds of these funds continue to be spent in the counties in line with the localized nature of extension work to help meet local problems.

2. Facts and Figures: Extension placed a great deal of emphasis on surveying its educational methods during the past year, to see where improvements could be made. The most widely-used method was personal contacts. The number of personal contacts made by county extension workers alone totalled 20,567,181, an increase of half a million over the previous year. Another time-tested educational method used by extension is meetings. Attendance at extension meetings reached an all-time high last year of 74,633,965, some four and one-half million over the previous year's total.

 Other widely-used educational methods were demonstrations, tours, achievement days, and encampments. Last year, nearly 800,000 method demonstrations were made before an over-all attendance of almost 16,000,000; over 32,000 tours were held with 1,600,000 persons participating; nearly 60,000 result demonstrations were presented to over 2,500,000 persons; nearly 30,000 achievement days were held which involved 6,500,000 persons; and over 8,000 encampments, with 400,000 persons attending, were sponsored by extension.

3. In-Service Training: Extension fully realizes that we are living in a rapidly changing world. Therefore, probably no other supervisory activity of the past year equalled that of in-service training. Right down the line, from the National to the county level, agents and specialists attended some type of training school - short-term schools, workshops, clinics, seminars, and graduate schools.

A truly outstanding feature of the year's work was the regional school for negro Extension workers held at Prairie View A & M College in Texas. More than 10 percent of the negro extension workers in the United States attended this school.

4. Home Demonstration Work: The rural family is the main target of extension education. An extension objective is to help the rural family understand the possible improvements in rural living, and then to achieve these improvements. Since the rural wife and mother is one of the well-springs of better family living, much emphasis is put on educational work with women--home demonstration work.

During the year, Extension's 3,658 county home demonstration agents and assistants, aided by other extension employees and 450,000 women who served as volunteer local leaders, influenced well over 3,000,000 families to make improvements in their homemaking and family living. Ways and means of improving family health and increasing family comfort and happiness are studied. Drudgery is taken out of everyday tasks by modernizing homes and by simplifying work. Beauty is brought into the home through study of color and design.

Volunteer leaders gave generously of their time, energy, and skill to forward home demonstration work. They attended training schools in the various phases of the program, teaching what they learned to members of their local groups. They carried on demonstrations in their own homes so that neighbors might see and want to do likewise. They multiplied the services of the home demonstration agent many times.

The interests of home demonstration women have advanced far beyond their homes. They have taken the logical step from better homes to better communities. They sponsor health clinics, hot lunches in schools, libraries, and community beautification programs. They also recognize other factors which affect the well-being of families, such as problems of good government, international understanding, and good will. The home demonstration program is fundamental.

5. 4-H Club Work: Throughout the year the keynote of the 4-H Club program found expression in a new National project titled, "Defense in Depth," and built around production, conservation, and character-building projects for the almost 2,000,000 young people in Club work last year. Project work was developed, demonstrations given, discussions conducted, and exhibits planned all geared to help build America's agricultural might.

The enrollment in 1950 of boys and girls between the ages of 10 and 21 years reached the highest level in history - 1,990,932 which was 104,718 more than the year before. The percentage of young people who satisfactorily completed project work in farming and homemaking subjects increased from 77.8 percent to 79.1 percent - another record. This was a great source of satisfaction to the 274,277 local leaders who helped make the program such a success.

Also, during the past year, a total of 684,580 boys and girls enrolled

in 4-H Club work for the first time. This made a grand total of nearly 15,000,000 different boys and girls who have participated in the program at one time or another.

4-H members produced more food last year than in any previous year as a part of the National 4-H Defense Mobilization program. Over 100,000 acres of garden products were grown, as well as 500,000 acres of other food crops. In addition, 4-H members raised over 1,000,000 head of livestock, including dairy cattle, sheep, beef cattle, and hogs, and over 9,000,000 chickens, turkeys, and other fowl. In all this work in food production, careful attention was given to improved methods of breeding, cultivation, pest control, feeding, marketing, and other practices which augmented the family food supply; and in turn, the family income.

An excellent showing was made by 4-H members in preserving the surplus of food produced at home, thus stretching the much-needed family dollars. In all, over 4,000,000 quarts of food were frozen and 8,000,000 quarts were canned according to recommended practices. In addition, a large amount of food was preserved by brining, curing, drying, or storing.

6. Agricultural Mobilization: The Cooperative Extension Service works with Federal, State, and county Agricultural Mobilization Committees in informing all farmers of the 1952 production goals for the highest level of crop and livestock production in the history of the nation. State and county extension workers are providing farmers with the additional know-how that they need to attain the high production. Educational programs and activities to improve the use of labor and machinery on farms in view of the shrinking farm labor force are under way in many States.

7. Grow More, Preserve More, Use More: Because of high prices and an increasing demand for food last year, one of the first steps in agricultural mobilization was the initiation of an expanded home gardening and food preservation program. The Extension Service was assigned leadership of the program, and outlined an orderly and gradual expansion of the home growing and processing of food, with the goal, "Grow More, Preserve More, Use More." It was aimed at (1) expanding existing gardening programs; (2) strengthening extension work in food preservation with an eye to improving diets; (3) encouraging people without gardens to use and preserve products when available in quantity at local markets; and (4) especially encouraging the increased use of tomatoes and green leafy vegetables. Without exception, State Extension Services responded to the challenge. Increased seed sales, requests for gardening and food preservation publications, and reports from the States indicated that there were probably 2½ to 3 million more gardens last year than the year before.

8. Better Grasslands: The efforts of Extension in cooperation with other agencies of the United States Department of Agriculture to set in motion a nation-wide grasslands program has borne fruitful results in the first year. Improvement in grasslands has been in the extension picture for several years, but coordinating the work throughout the

country into a national program came to the forefront early this year after four Extension directors, one from each region, worked with others of the Department on the National Grasslands Steering Committee in setting up a suggested procedure for all agencies to use as a guide on the National and State levels. A recent survey shows there is now an organized plan with varying degrees of methodology, in each of the 48 State extension programs.

There are three principal reasons for pushing a grasslands program at this particular time; (1) High levels of production of food, fiber, and industrial products must be obtained immediately. Demands for maximum production to supply the increasing population will expand in the years ahead. (2) Our grasslands provide the largest potential resource for increased agricultural production that we have. (3) We have no new frontiers to push into and must therefore apply agricultural science to increase the production per acre on our grasslands in the same manner we have with other crops and livestock.

Although grasslands provide the major raw materials for the production of meat, milk, and other livestock products, of which there is a shortage at this time, that is not Extension's only reason for accelerated activity in this field. The plan is to encourage farmers to fit grasslands into a long-time system of sound farming in such a manner that not only ample food will be produced but the nation will be strengthened through profitable balanced farming and the land and water resources will be conserved for future generations.

9. Small Grains: The wheat crop has steadily grown in importance internationally as well as nationally. Also due to the world food situation, wheat has been an important cereal for export. Among the more important cultural practices being recommended by Extension Service, is better land preparation through a system of fallow where land is rested every other year. This allows more humus to be returned to the land and permits better seed bed preparation. Demonstrations on green manure crops were carried on in every wheat-growing State by Extension Agronomists and county agricultural agents. The adoption of improved varieties and strains, together with the application of scientific agronomic practices, have led to the continued improvement in production of all small grains.

10. Fruits and Vegetables: Fruit is becoming more and more important in our economy. Extension accelerated it's program last year in recommending new varieties, orchard management practices, fertilization programs, and mulching, pruning, thinning, grafting, grading and packing practices. Over 60,000 fruit growers were helped to obtain new and better varieties for their particular growing conditions, and 437,852 others were assisted in developing more adequate pest and disease control programs. More than 50,000 were also advised on how to control rodents and other animals.

Crop production guides of last year called for a 4 percent rise in the production of fresh vegetables, and a 22 percent rise in the quantity of processed vegetables. Extension has done its best to help farmers meet this tremendous challenge. There were 243,695 vegetable growers

assisted last year in obtaining new varieties, 61,614 who used lime at Extension's direction, 402,144 who carried out improved fertilization programs, and 822,744 who were helped in solving their insect and plant disease problems.

11. The 7-Step Cotton Improvement Program: A definite organized Extension educational program for high quality - low cost production of cotton has been followed in the cotton-producing States since 1946 that has resulted in an increase of 37 pounds of lint cotton per acre on all farms where the 7-Step Cotton Program was followed. These seven steps are designed to enable farmers to be more efficient not only in the production but also in the harvesting and marketing of their crops. For instance in one of the leading cotton States where farmers followed the Extension recommendation on insect control, they produced $100,000,000 worth of cotton more than if they had not followed the recommended practice. Mechanization is another of the 7 steps where extension has been able to assist farmers to a marked degree. Due to the decrease in the number of people on farms, coupled with the loss of labor to industries, mechanization in the Cotton Belt has been accelerated at a faster rate than it would have normally.

Extension Directors in the cotton States have a Committee of Directors that is constantly on the alert to find new ways of assisting cotton producers in maintaining efficiency in their production methods. At a recent meeting of this committee the following statement of principle was adopted as the Extension's over-all cotton education policy for 1952:

> "The Extension Service in the Southern States will emphasize and support cotton production on the basis of a sound long-time balanced farm program, encouraging that combination of practices and organization on each farm that best meets the needs of the farm family, the land, available equipment and labor supply."

12. Extension Dairy Work: Agricultural extension agents in 2,966 counties assisted farmers in dairy production work equivalent to over 111,405 working days. Home demonstration agents spent 1 ,4 days in assisting families, both rural and urban with requirements concerning the best utilization of milk products for economy and health. Over a half million farmers were assisted in dairy breeding and herd improvement work through 6,901 organized farm groups. A much larger number of farmers were assisted with general technical advice on dairy farming, such as improved methods of feeding, and control of parasites and diseases. On January 1, 1951, there were over 4,000,000 dairy cows enrolled in dairy breeding associations which is an increase of 44.2 percent over a year ago, and the Dairy Herd Improvement Association program has increased to 2,143 associations with 1,186,615 cows under test.

13. Extension Animal Husbandry: Livestock production work is conducted largely under well organized programs aimed at keeping the supply of animal products adequate for demand and acceptable in quality and at the same time profitable from the standpoint of the producer. In addition to the traditional practices contributing to increased efficiency in livestock production, various technics for the practical application of performance testing was probably the most significant development of the past year. The year was characterized by much activity in the area of feed supplements, especially the new vitamins and antibiotics.

14. Balanced Farming Pays: Balanced farming means that, with the assistance of the Extension Service, farm families have considered the resources available to them - land, family labor, livestock and equipment - and then developed a farming plan to make the best possible use of these resources. A good example is in Missouri where nearly 19,000 farms operated last year under the extension balanced farming plan. Records show that this Missouri program has increased cooperating farmers incomes 30 to 100 percent. Balanced farming pays off in direct monetary returns.

15. Farmer Cooperatives: Extension people helped farmers understand the function of cooperatives so they could make a wise choice of whether to belong or not. Extension workers have grown to realize that there is need for a fuller understanding of cooperatives on the part of young farm people. Some of the phases of the information on cooperatives given to adults and youth alike were (1) the possibilities and limitations of farmer cooperatives; (2) criteria for determining whether there is an economic need for a cooperative; (3) the steps to take in organizing sound methods of financing; (4) proper accounting and auditing procedure; (5) maintaining members; and (6) public relations.

16. Better Equipment - Better Farming: Extension work in agricultural engineering has been geared to meet the needs of a rapidly-changing agriculture. The increased use of mechanical equipment is sweeping agriculture into a new era of efficiency. It has made possible a 21 percent increase in farm production in ten years, and 12 percent reduction in the number of farm workers. Farmers today produce 50 percent more per hour than a decade ago. The following statistics indicate the number and kind of services county agents and specialists gave farmers in 1950:

Selection of mechanical equipment.....	117,000 farmers
Efficient use of mechanical equipment.....	202,000 farmers
Maintenance and operation of mechanical equipment.....	190,000 farmers

17. Housing - House Furnishings: Great strides have been made since 1945 in improving rural houses and furnishings and equipment. However, 73% of farm homes are still without bathrooms and 55% still without kitchen sinks. These are conveniences Extension will help families secure as defense mobilization requirements permit. Helping young couples and families with low incomes improve their living conditions

will have a special emphasis. The choice, selection and construction of curtains, slip covers and refinishing furniture will be taught to lower the cost of house furnishings. During the past year -

227,000 families received help on kitchen improvement
54,000 families received help in planning and building new homes
116,800 families received help in remodeling houses
871,000 families received help in selecting and repairing furniture
135,000 4-H boys and girls completed house furnishings club work
119,421 rooms were improved
441,031 articles made

18. Food and Nutrition: Extension has contributed much to the improvement of diets in the rural areas. Many ingenious teaching methods have been worked out to help families know what they should eat and efforts are being made to motivate the families to eat good diets. More attention is also being paid to food needs of young children and the older family members needing special dietary help. How to prepare food to conserve nutrients and to combine foods in well-balanced attractive meals is being emphasized. Food programs are being adapted to television and many homemakers who are not ordinarily reached through the extension program are now being reached through this medium. During 1950:

1,536,000 families were assisted in improving their diets
1,032,636 families assisted with canning
1,629,551 families assisted with food preparation
1,477,186 families assisted with food supply
856,000 families assisted with freezing
506,000 families assisted with food buying
227,000 boys and girls enrolled in food preservation clubs
505,000 boys and girls enrolled in food selection, preparation and baking

19. Parent and Family Education: Mobilization, fear of war and uncertainty on the economic front are increasing the tensions which endanger mental health and security. Recent research has shown the importance of happy family life in the development of well adjusted, mature people who can face our present national and international problems. Family life education has made important contributions in relation to the growth and development of children; in interpreting for youth their role in national life and in helping young people adjust their life plans to period of military service. During 1950:

392,014 families were assisted in problems of child development and guidance
471,703 families were assisted in improving family relations
176,996 families were assisted by recommending play equipment, furnishings and clothing for their children
723,571 families were assisted in improving family recreation
21,463 4-H boys and girls received training in child care

20. Working with Negro Families: A total of 435,038 negro families received benefits from the Extension Service program last year. The number of negro families reached by extension is showing a definite upward trend each year.

In specific areas of work, 234,770 farmers improved their agricultural practices, 192,098 women improved their homemaking methods, and 199,707 young people were entered in 4-H Club projects.

The phase of the agricultural program involving increased production centered around the problems of helping farmers obtain improved varieties of seed, to correctly use lime and fertilizers, and to control plant and insect diseases. For instance, 45,648 farmers were assisted in obtaining improved corn varieties, 32,067 in obtaining cotton varieties, and another 30,386 in obtaining vegetable varieties. Also, agricultural agents helped negro farmers with livestock production, conservation, and marketing problems. In the field of conservation, for instance, 46,905 farmers were assisted in correctly using green-manure or cover crops, and another 40,550 were helped plan better crop rotation programs.

In nutrition and health, the diets of 141,502 negro families were improved as a result of extension work. Assistance was also given 109,377 families in food preparation problems, and another 166,153 families in problems relating to food preservation.

In the field of home management, 39,189 families were assisted last year with time-management problems, 22,320 with making home accounts, 23,429 with financial planning problems, and 19,972 in developing home industries as a supplementary source of family income. In clothing, 94,784 homemakers were helped with construction, 77,229 with remodeling, and 72,113 with selection problems.

Over 325,000 Negro families were assisted with child development problems, 39,201 in improving family relationships, and another 61,419 in improving home recreational habits.

The work in home improvement was an outstanding feature of the year's program. Extension agents helped 13,579 negro families in remodeling their homes, and another 5,416 in constructing new ones. They also assisted 7,819 families in installing sewage, water, and heating systems. There were 33,839 kitchens improved at extension's direction last year, and 38,631 other rooms remodeled. The home grounds of 47,265 families were also improved with extension's help.

The nearly 200,000 young people enrolled in negro 4-H Club work completed a total of 590,388 projects last year. Most of the boys concentrated their project work in the fields of home gardens, corn, poultry and swine. Many of the girls also enrolled in poultry and home gardening projects, but the majority worked in home-ground beautification, food preparation and preservation, health, clothing, and home room improvement.

(b) Salaries and expenses

Appropriation Act, 1952	$850,000
Anticipated pay adjustment supplemental	58,000
Base for 1953	908,000
Budget Estimate, 1953	905,000
Decrease (partial absorption of pay adjustment costs	- 3,000

PROJECT STATEMENT

Project	1951	1952 (estimated)	Decrease (Pay adjustment absorption)	1953 (estimated)
1. General administration and business service	$190,583	$194,200	-$700	$193,500
2. Review and analysis of State budgets, projects, and plans, and examination of State expenditures from Federal payments	43,484	45,200	-200	45,000
3. Planning and coordination of State and county extension work	156,302	167,500	-500	167,000
4. Development of technical subject matter for use by State extension forces	144,441	152,800	-500	152,300
5. Field studies of extension work, and the training of extension workers	96,337	99,600	-300	99,300
6. Preparation and distribution of visual material and extension literature to Department and State extension forces	154,333	154,900	-500	154,400
7. Program development and coordination of extension agricultural economics	88,152	93,800	-300	93,500
Unobligated balance	14,868	- -	- -	- -
Total pay adjustment costs	[- -]	[60,000]	[+2,000]	[62,000]
Total available or estimate	888,500	908,000	-3,000	905,000
Transfer in 1952 estimates to "Salaries and expenses, Office of Information, Agriculture"	+$2,500	- -		
Reduction pursuant to Sec. 1214	+9,000			
Anticipated pay adjustment supplemental	- -	-$58,000		
Total appropriation or estimate	900,000	850,000		

STATUS OF PROGRAM

1. General: The Federal Extension Service is the administrative and coordinating organization for the nationwide cooperative agricultural extension service, and the general educational arm of the United States Department of Agriculture. It promotes close cooperation between the State Land Grant Colleges and the U. S. Department of Agriculture, and is responsible for providing leadership for the formulation of extension policy and programs in the States. It is responsible for keeping State Extension workers supplied with the information they need to carry to farm people, and assists the State Extension Services in local program development, staff training and teaching methods.

 During the fiscal year 1951, State budgets covering estimated expenditures of approximately $76,000,000 of Federal and State extension funds, and 1,157 plans of work were reviewed. Vouchers were examined involving approximately $17,000,000 of Federal and State offset funds, including payrolls, and travel expenses, to determine if each expenditure was in accordance with the purpose of the appropriations approved by Congress, and in line with approved work plans and projects.

2. Planning and Coordination of Extension Work: Federal Extension leaders in county agent work, home demonstration and 4-H Club work aid in the continued improvement of the organization, administration and direction of county extension work. They regularly visit State directors, supervisors, and other staff members and assist them in the general development, supervision and coordination of extension programs. They help extend good administrative and supervisory practices from one State to another, and take the lead in supervisory conferences, workshops, and in other activities and events where national or regional coordination or leadership is needed.

3. Technical Subject-Matter in Agriculture is developed by subject-matter specialists in agriculture and home economics, animal husbandry, poultry, meat technology, agronomy, forestry, soil conservation, dairying, horticulture, entomology, plant pathology, agricultural engineering, cotton ginning, and rural electrification. Their function is to assist the States and the Department in doing a more effective educational job in the various subject matter fields. They not only carried information from the Department to the States, but also brought back from the States to the Department, suggestions for dealing with problems of the extension services or the farmers. These specialists visited the States and attended State, regional or national technical or training meetings or conferences. They cooperated with industry in conducting broad national programs such as those in housing, clothing, and pest control. In cooperation with other divisions and agencies, they prepared bulletins and releases, material for use in slidefilms, motion pictures, and other visual aids, took part in radio and television programs and prepared articles for farm and home magazines.

4. Education in Home Economics: Four Federal specialists worked through, and with 298 State Home Economic specialists in giving leadership to educational activities falling into six major projects, as follows:

 1. Food and Nutrition - to help families adjust and improve their diets for optimum health; get the most nutrition for the food dollar; improve ways of preparing food; plan well-rounded home food preservation program; better nutrition for the pre-school child, oldsters and others needing special dietary help.

 2. Clothing and Textiles - to lower family living costs, and to satisfy their need for creative art, homemakers are helped to sew effectively and efficiently.

 3. Parent and Family Life Education - to give guidance in family relations and mental health.

 4. Family Economics - to help families understand the relation of savings, credit, buying practices, home production, taxes, hoarding, planning and record keeping, to individual and national financial security.

 5. Home Management - to simplify house work to release time for farm work, civil defense activities or paid work outside the home.

 6. Housing and House Furnishings - to furnish assistance with house planning and remodeling, installation and choice of utilities, care and repair of furniture.

5. Improving the conduct of extension work through field studies and personnel training: National leadership is provided to the Cooperative Extension Service in improving the conduct of extension through educational research, personnel training, and analyses of annual reports. The impact of this leadership upon the conduct of extension in the several States is cumulative. There is also a very close relationship between the getting and using of facts as the basis for improvement, and the raising of extension standards by means of better personnel training.

 There was a trend in extension studies toward basic research that takes into account the psychological reactions of people and wider coverage of the factors contributing to the successful conduct of extension education. Studies were under way during the year of the functioning of extension organization and management, program-planning procedures, organization of people for extension teaching and lay leadership, the effectiveness of extension programs and the extent of people's participation in them, personnel training, and extension teaching methods and activities.

 One of the extension studies under way during the year was designed to test new methods of working with compact nationality groups. The study was conducted in a community of Polish people in Wisconsin.

The University of Wisconsin cooperated in the project. The study included analysis of family and community needs and the people's knowledge and use of extension recommendations. Though the study was still in progress at the end of the year, it already had some concrete results: The county extension committee had approved the development of a basic plan for the area; the county government had appropriated an extra $1,000 to be used in organizing result demonstrations in the area: 36 families had been selected for result demonstrations on soils and fertilizers; and for the first time, farmers had signed up for assistance from the Soil Conservation Service.

Members of the staff were involved, either as director, consultant, or other cooperative relationship, in 92 studies involving nearly all of the States, and 31 studies were completed during the year. Nine extension summer sessions were held and 764 extension workers attended.

6. Agricultural economics and rural life programs: Federal extension economists are responsible for development of educational programs dealing with farm management, marketing farm products, rural health and community development. Annual review and appraisal of projects and activities, together with assistance to State directors and specialists provided an effective liaison between research and action agencies of the United States Department of Agriculture and State extension services during the past year.

To meet the needs of national mobilization, farm management educational programs intensified farm planning to increase production of essential farm products, emphasized price control and military needs along with other outlook information, and promoted fuller and more efficient utilization of the agricultural work force. National economic affairs affecting agriculture were presented at regional meetings and State forums by members of the Federal Extension Service.

The need for maximum efficiency in marketing and distribution is intensified by the defense program. Extension Services in all States are participating under the leadership of the Federal Extension economists. Regional marketing conferences give State marketing specialists training for the new work to serve producers, handlers and consumers in all stages of the marketing process. Consumer education in marketing is recognized as an important step in more effective use of food supplies and 16 States have developed special programs while 8 others are participating in regional programs. The marketing program for farm products is promoting quality improvement as well as efficiency in operation. For example, in Pennsylvania, 2,000 potato growers attended grading demonstrations. In Michigan, an egg grading association was organized to promote educational work on improving egg quality. In Ohio producers and distributors are cooperating in the marketing program for milk. In Illinois, training was given in ways to reduce damage to grain while in storage and in marketing channels.

Community health and recreation programs are operating in 42 States. County health councils are aided in studying their needs. Training county leaders for health and recreation programs is a step towards more general improvement in community welfare. In 1950, extension agents helped at more than 2700 nutrition and health clinics. More than 34,000 communities were assisted with improving recreation facilities.

7. Educational Materials: Supporting educational material was supplied to keep the 12,642 cooperative extension workers informed of major shifts in agricultural needs, policies and programs, research results, outlook and other information they can use to help farmers attain needed and balanced production in spite of labor and material shortages. These included:

 (a) About 351,000 copies of Department policy releases have been selected and called to special attention of extension workers, often with additional educational material for localized use.

 (b) Thirty printed and mimeographed publications have been prepared, and six million copies of Department publications have been sent to extension workers on request.

 (c) Fourteen new slidefilms, 5 of them in color, were produced and 13,982 copies of the 400 available Department slidefilms covered by this project were distributed to educational users.

 (d) Special emphasis educational campaigns that demanded educational materials included farm production guides, gardening, grasslands farming, marketing, farm safety, fire prevention, grain conservation and storage, farm machinery care and repair, and farm labor utilization.

 (e) These and other services required the making of 675 drawings and art layouts, 1,185 new photographs, 7,500 photographic prints, and several hundred color slides in addition to the editing, production and distribution necessary to put these materials to educational use.

8. Educational Techniques: To assist the 12,642 cooperative extension workers in the better use of press, radio, television, publications and visual aids in their local educational work:

 (a) Twelve issues of the Extension Service Review, the house organ for extension workers, were published, major emphasis being given to agricultural mobilization and to what extension workers could and were doing toward the effort.

 (b) Thirty-seven personal visits to 21 States were made and practically all cooperative extension information workers were contacted in one of eight regional or national conferences attended.

(c) Special help was given most States in revision of cooperative State educational aids and information projects.

(d) Assisted seven States in holding 24 schools to train extension agents in best use of radio and television in their work.

(e) A survey was completed during the year which showed a mojor increase in the use of visual aids by State and county extension workers. The 70,400 photographs, 24,000 art drawings, and 36 movies made during the year ending June 30, 1950 was twice the amount produced by the States during the preceding year.

9. Interpreting Extension to the Public: Cooperative extension work was reported to the public through:

(a) Preparation of an annual report and assistance with special reports, and addresses by the Director.

(b) Supplying requested material to newspapers, radio and magazine editors including tips for programs, stories, photographs and releases.

(c) Cooperating with other governmental agencies in supplying material and explanation about our extension educational methods to foreign visitors and leaders in other countries stydying our methods.

10. Further details which illustrate the types of programs and some of the end results of the cooperative relationship of the Federal and State Extension Services are given in "Status of Program -- Payments to States".

(c) Bankhead-Jones Act, Section 23, Title II (Act of June 29, 1935) as amended by the Act of June 6, 1945

Allotment, 1952	$250,000
Budget Estimate, 1953	250,000
Change	- -

PROJECT STATEMENT

Project	1951	1952 (estimated)	1953 (estimated)
Federal administration under Bankhead-Jones Act, section 23, title II	$235,256	$250,000	$250,000
Unobligated balance	14,744	- -	- -
Total allotment	250,000	a/ 250,000	250,000

Under the Act approved June 6, 1945, 2% of the amount appropriated thereunder is designated for paying the expenses of the Federal Extension Service. The Budget estimates for fiscal year 1953 includes an amount of $12,500,000, of which the proportionate share for the Federal Extension Service is $250,000.

The statement of recent and current activities as discussed under the appropriation "Administration and Coordination of Extension Work" also applies to the work under this allotment. In addition, the funds are being used to expand and improve 4-H Club work with rural boys and girls, and work with older out-of-school youth; to develop more effective programs in nutrition, food conservation, and home-making; to promote more efficient marketing and distribution of farm products; and to organize effective activities in connection with problems of rural health.

a/ Includes $20,255 estimated savings due to Section 409 of 1952 Agricultural Appropriation Act. Of this amount, $17,000 is being used to meet pay adjustment costs in 1952, leaving $3,255 in reserve.

(d) Cooperative Agricultural Extension Work
(Permanent Annual Smith-Lever Appropriation)

Permanent appropriation, 1952	$4,711,250
Budget Estimate, 1953	4,711,250
Change	--

PROJECT STATEMENT

Project	1951	1952 (estimated)	1953 (estimated)
Payments to States, Hawaii and Puerto Rico for cooperative agricultural extension work (Smith-Lever Act)	$4,704,710	$4,711,250	$4,711,250

This permanent specific appropriation for cooperative agricultural extension work was provided for under the Smith-Lever Act, approved May 8, 1914 (7 U.S.C. 341-343, 344-348), as amended by the extension of this Act to the Territory of Hawaii by the Act of May 16, 1928 (7 U.S.C. 386-386b) and to Puerto Rico by the Act of March 4, 1931 (7 U.S.C. 386d-386f). Under the provisions of these Acts $10,000 is appropriated annually to each State, Hawaii, and Puerto Rico without requirement of State or Territorial offset, and the remainder of the appropriation is distributed on the basis of rural population. Fiscal years 1952 and 1953 reflect increased funds in conformity with increases in rural population shown in the 1950 Census. The Smith-Lever Act is the basic act under which cooperative extension work is conducted by the Department and State colleges of agriculture. The general statement for cooperative extension work applies also to the work performed under this appropriation.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

Item	Obligations, 1951	Estimated obligations, 1952	Estimated obligations, 1953
Agricultural Marketing Act (RM.-Title II) Agriculture (Extension Service):			
Primarily allotments to States for marketing service activities	$664,667	$577,200	$632,200
State and Private Forestry Cooperation, Forest Service (Extension Service):			
For cooperation with States for extension activities in developing farm forestry	104,023	107,835	107,835
Conservation and Use of Agricultural Land Resources (Production and Marketing Administration)(Extension Service):			
For payments to States, in the affected areas, for technical assistance to expedite rehabilitation of flood-stricken areas	- -	180,000	- -
Administrative Expenses, Section 392, Agricultural Adjustment Act of 1938 (Extension Service):			
To provide technical assistance in connection with the agricultural conservation program in Alaska	1,000	900	900
Flood Control, Agriculture (Extension Service):			
For general basin investigations, Arkansas-White-Red River and New England-New York areas	- -	3,000	8,500
Working Fund, Agriculture (Extension Service) Advanced from Department of Defense, Department of the Navy:			
To conduct studies in the field of training with special reference to investigating the characteristics, methods, and effectiveness of instructors and training officers	40,300	2,397	- -

(Continued on next page)

Item	Obligations, 1951	Estimated obligations, 1952	Estimated obligations, 1953
Working Fund, Agriculture, General (Extension Service):			
Advanced from:			
Department of Defense, Department of the Army:			
To provide technical assistance in connection with the training of Ryukyuan, German and Japanese nationals in the general field of agriculture	221	87	--
To cover the cost of providing data to the Corps of Engineers in connection with a comprehensive survey of the Arkansas, White, and Red River Basins	1,435	1,565	--
Department of State:			
To provide technical assistance in connection with the training of German leaders in extension work	9,228	152	--
Atomic Energy Commission:			
For payment to the South Carolina Extension Service for services in connection with relocation of farmers from areas to be occupied by the Savannah River plant of the Atomic Energy Commission	2,170	--	--
Total, Working Fund, General	13,054	1,804	--
Miscellaneous Contributed Funds, Department of Agriculture (Extension Service) (Trust Fund):			
For contributions toward cooperative work with Land-Grant colleges on appropriate in-service training activities through summer-session courses for extension workers	3,948	2,500	2,500
Mutual Security (Allotment to Agriculture) (Extension Service):			
For expenses incident to the foreign trainee program	63,623	a/ 109,310	--

a/ Preliminary.

(Continued on next page)

Item	Obligations, 1951	Estimated Obligations, 1952	Estimated Obligations, 1953
Obligations Under Reimbursements from Governmental and Other Agencies:			
Payments to States	9,914	2,797	2,797
Salaries and expenses	9,486	6,880	6,880
Total	19,400	9,677	9,677
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS	910,015	994,623	761,612

OFFICE OF THE SECRETARY

Purpose Statement

The Department of Agriculture was established as an executive department by the Act of May 15, 1862. The Secretary of Agriculture, assisted by the Under Secretary, the Assistant Secretary, and members of their immediate staff, directs the work of the Department, formulates and develops policy, integrates the several programs of the Department, maintains departmental relationships with agricultural organizations and others in the development of farm programs, coordinates Department programs in the several river basins, renders administrative decisions in regulatory proceedings pertinent to Department programs, and maintains close liaison with members of Congress on all matters pertaining to legislation and policy in order to insure effective performance of the agricultural programs.

The following offices assist the Secretary and his immediate staff in the discharge of specific departmental functions:

THE OFFICE OF PERSONNEL was established April 7, 1925, as the Office of Personnel and Business Administration. On June 1, 1934, this Office was divided into three parts, one of which was given the title, "Office of Personnel."

The Office of Personnel serves as a staff agency of the Secretary having responsibility for the personnel management program of the Department. This program includes classification, job evaluation, salary and wage administration, recruitment, placement, retirement, separations, leave, employee relations, training, safety, organization, investigations and health. The Office has responsibility for the developing of personnel policy for the Department and the executing and interpreting of the intents and policies expressed in over 200 laws; various executive orders and the rules, regulations, policies and decisions of the several agencies of the Government in the field of personnel management. In carrying out these responsibilities, the Office delegates substantial authority to agencies within the Department for the operational phases of the appointment, classification and disciplinary activities. Policy and basic procedures developed by the Office are carried out through agency personnel offices. In addition to the continuous day to day contacts on specific problems, the office conducts a systematic and periodic review to insure unification of the personnel management program and to measure its effectiveness and how well it serves the agencies' personnel management requirements.

THE OFFICE OF BUDGET AND FINANCE was established by order of the Secretary on June 1, 1934. It serves as a staff agency of the Secretary in carrying out departmental functions relating to over-all administration of the budgetary, procurement, and fiscal affairs of the Department. It has responsibility for providing leadership and coordination of these activities throughout the Department, including the acquisition and distribution of funds; accounting; auditing; budgetary and financial reporting; budget, fiscal, and procurement organization and management; purchasing, warehousing, utilization and disposal of administrative and

operating supplies and equipment; and related activities. It coordinates in the field the activities of Area Agricultural Equipment Committees to insure maximum effective utilization of administrative supplies and equipment owned and procured by the Department.

The Office also has responsibility for formulating and promulgating departmental policies and procedures relating to the above functions, including the review and evaluation of program and legislative proposals for budgetary, financial, and related implications, and, in cooperation with staff and program agencies, for obtaining improvements in the management and operation of work programs administered by the Department. The Office acts as Department liaison on all such matters with the Bureau of the Budget, General Services Administration, General Accounting Office, Treasury Department, and others. It also provides liaison with Congressional Committees on Appropriations and with the House Committee on Agriculture.

THE OFFICE OF PLANT AND OPERATIONS was established by Secretarial order March 1, 1939. The Office of Plant and Operations exercises general direction of the housing of the Department's activities, including technical services incident to the design and approval of construction projects related thereto, contractual authority as it pertains to the leasing of commercial space and all matters concerned with the disposition of surplus real property; exercises general responsibility for the planning and development of the records management programs of the Department; provides certain technical and engineering advisory services pertaining to the acquisition, utilization, and maintenance of automotive, heavy, scientific, and photographic and other reproduction equipment; exercises general coordination of automotive repair shop, equipment depot, and cartographic, photogrammetric and photographic laboratory activities in order to derive the most effective use of these facilities, and plans or reviews proposals for the establishment of such Departmental facilities; and technical operations in connection with mapping projects, including approval of aerial photographic survey projects, and all planimetric, topographic, cadastral, and mosaic mapping projects in excess of sixty square miles. The Office serves as Department liaison with other Government agencies on matters pertaining to its functions.

The Office also operates certain Departmental services in the District of Columbia, including telephone, telegraph, photographic, duplicating, addressing and mailing, central storage and distribution of supplies and forms, motor transport and service garage, and the Departmental post office.

THE OFFICE OF HEARING EXAMINERS was established by the Secretary December 9, 1946, to carry out the provisions of the Administrative Procedure Act relating to the holding of hearings (5 U.S.C. 1006, 1010). The hearing examiners hold quasi-legislative hearings upon request of the administrative agencies of the Department and quasi-judicial hearings on disciplinary complaints filed by the Department against individuals and on petitions filed by private parties asking relief from some action of the Department or its agencies.

In general, the examiners make reports, recommend decisions, and perform such related duties as are required by the Administrative Procedure Act and statutory provisions, regulations, and rules of practice applicable to their work.

On November 30, 1951, employment in the staff offices comprising the Office of the Secretary consisted of 536 employees, 520 of whom were in Washington and 16 in the field.

	Estimated, 1952	Budget Estimate, 1953
Direct appropriation	$2,185,000	$2,360,000

(a) Salaries and Expenses

Appropriation Act, 1952		$2,025,000
Anticipated pay adjustment supplemental		160,000
Transfers from other appropriations (as shown in detail on next page)		108,040
Base for 1953		2,293,040
Budget Estimate, 1953:		
Direct appropriation	$2,360,000	
Transfers, 1953, from other appropriations (as shown in detail on next page)	109,280	
Total available, 1953		2,469,280
Increase		+176,240

SUMMARY OF INCREASES AND DECREASES, 1953

For a central management staff, as recommended by the Hoover Commission, to undertake investigations and provide leadership in the Department in the improvement of organization, procedures, and general management	+41,060
For more effective liaison between the Department and the commissioners and secretaries of agriculture of the several States	+18,185
For additional assistance in the coordination and direction of Department programs	+14,115
For the re-establishment of the Divisions of Training and Personnel Relations and Safety	+78,400
To provide more effective over-all assistance and necessary leadership in the Department in developing, establishing, and maintaining improved fiscal and accounting systems and procedures, and to strengthen the budgetary and financial reporting activities	+45,050
For more adequately staffing the Department's records administration program, the Secretary's records section, the central departmental telephone switchboard, and the Department's post office	+18,765
Decrease due to partial absorption of pay adjustment costs	-39,335

PROJECT STATEMENT

Project	1951	1952 (estimated)	Increase or Decrease: Pay Adjustment Absorptions	Increase or Decrease: Other	1953 (estimated)
1. General administration	$490,589	$521,199	-$6,503	+73,360(1)	$588,056
2. Personnel administration and service	556,696	536,442	-13,365	+78,400(2)	601,477
3. Budgetary and financial administration and service	639,550	695,621	-10,882	+45,050(3)	729,789

(Continued on next page)

Project	1951	1952 (estimated)	Increase or Decrease: Pay Adjustment Absorptions	Increase or Decrease: Other	1953 (estimated)
4. General operations	$449,756	$472,536	-$7,673	+18,765(4)	$483,628
5. Office of Hearing Examiners	60,408	67,242	-912	- -	66,330
Unobligated balance	58,165	- -	- -	- -	- -
Total pay adjustment cost	[- -]	[171,712]	- -	[+12,947]	[184,659]
Total available or estimate	2,255,164	2,293,040	-39,335(5)	+215,575	2,469,280
Transferred from:					
"Administrative expenses, Commodity Credit Corporation"	-84,280	-83,447	- -	-833	-84,280
"Flood Control, Agriculture"	-25,000	-24,593	- -	-407	-25,000
Subtotal	2,145,884	2,185,000	-39,335	+214,935	2,360,000
Transfer in 1952 estimates from "Salaries and Expenses, Office of Administrator, Agricultural Research Administration"	-9,184	- -			
Reduction pursuant to Sec. 1214	+24,600	- -			
Anticipated pay adjustment supplemental	- -	-160,000			
Total appropriation or estimate	2,161,300	2,025,000			

INCREASES AND DECREASES

(1) General Administration - An increase of $73,360 under Project 1, composed of:

(a) Increase of $41,060 to provide for a central management staff.

Need for increase: The estimates propose a central management staff to plan and supervise investigations and provide leadership in the improvement of organization, procedures, and general management in the Department. The establishment of such a staff was recommended by the Hoover Commission.

The complex and widespread operations of the Department require constant re-examination and review. The improvement of management and the attainment of greater economy and efficiency throughout the Department will be the primary function of this staff. This will involve the establishment of standards of good management, review of agency operations to see that these standards are met, and surveys and investigations of problem areas to determine where improvements in organization, coordination, planning, control, procedures, and other areas of general management can be made. The work of the staff will frequently be carried out through task forces having representation from Department agencies, as well as in close cooperation with the administrative staff offices.

(b) Increase of $18,185 for liaison with the Department of Agriculture of the several States.

Need for increase: The Secretary of Agriculture has been urged by farm leaders and groups, as well as by State agricultural officials, to provide a focal area in the Department where problems arising in connection with the many agricultural programs carried on in cooperation with State Departments of Agriculture and other matters of concern to these departments can be dealt with promptly and authoritatively. Although responsibility in the Department of Agriculture for such liaison between the States and the Department lies in the Office of the Secretary, the Secretary obviously can devote only a minor portion of his time to discussions with State agricultural officials. His present staff is inadequate in size to give full time and attention to these important matters.

The proposed increase would provide for an assistant to the Secretary, who would serve as liaison between the Department and the State commissioners, secretaries, and directors of agriculture, with authority to represent the Secretary in the Department's relations with the States in matters relating to agriculture. The increase would also provide for necessary secretarial assistance and miscellaneous expenses.

(c) Increase of $14,115 for administrative assistance in the coordination and direction of the Department programs.

Need for increase: The services of an additional administrative officer and necessary clerical assistance is urgently needed to provide staff for the grassland program, and to assist special committees established in connection with this subject and other important special activities.

The Steering Committee of the grassland program, sponsored jointly by the Department of Agriculture and the Land-Grant Colleges, has upon two occasions recommended the full-time assignment of a man to aid in coordination of the program and maintain liaison with the States in connection with it. This Steering Committee is composed of four State Experiment Station Directors, four State Extension Directors, and four representatives of this Department. The

National Grasslands Advisory Committee of 18 members, representing more than 60 national organizations and scientific societies, also recommended that the Department provide a full-time man to act as liaison with industry groups. With the personnel now available it has not been possible to comply with these recommendations.

The proposed increase would provide for a specialist to assist in the grassland program and in carrying out difficult and important assignments involving conferences with bureau heads and others in the Department, State representatives, and representatives of national organizations. The improvement of the nation's 1,000,000,000 acres of pasture, hay, and range land offers one of our greatest opportunities for increasing food production, particularly of beef and milk, which are in short supply. The increase would also provide for necessary secretarial assistance and miscellaneous expenses.

(2) Personnel Administration and Service - An increase of $78,400 for the re-establishment of the Divisions of Training and Personnel Relations and Safety under Project 2:

Need for increase: The funds available in the direct appropriation for the Office of the Secretary for the 1952 fiscal year (excluding pay adjustment costs) were $120,884 less than fiscal year 1951, and $166,250 below the 1952 estimates.

In applying the reduction to the staff offices, it caused the elimination of essential functions and the serious impairment of other functions which the Office of Personnel had been carrying out with a small staff.

There was abolished in the Office of Personnel the Division of Training and the Division of Personnel Relations and Safety, with a combined staff of fourteen. In an attempt to maintain some control over the important functions of training, personnel relations, performance ratings and requirements, grievance and appeals policies, and safety, there was created a new Division called Employee Performance and Development and staffed with four employees who have been attempting at least to keep in touch with the policy developments throughout the Government in these fields.

This reduction and subsequent change in the organizational structure of the Office of Personnel has resulted in the elimination of specific functions and projects and drastic reductions in the assistance and leadership in these phases of personnel management.

The establishment of the Division of Employee Performance and Development and the elimination of the Division of Training and the Division of Personnel Relations and Safety enabled the Office of Personnel to absorb $56,000 of the reduction imposed. In addition, positions and services in other phases of personnel management were eliminated in order to absorb the cut that was imposed.

The Division of Classification eliminated the studies it has been pursuing looking toward an analysis of the different wage rates adopted by the various wage boards throughout the Department.

The Office has curtailed its examination activities at the very time that Civil Service Commission is extending the scope of its delegation to the Department in this field.

With the reductions of employees which have resulted in our staff offices, it has become increasingly difficult, and in fact is now impossible, to render the necessary leadership and assistance, particularly to the smaller agencies of the Department, in the various aspects of good management. It has increased the difficulty of reviewing the management activities of the different agencies of the Department. The Office of Personnel for some years has been attempting to review personnel operations in the agencies by utilizing the small staff which each of their divisions has had. With the reductions made in the 1952 budget, the task of reviewing the personnel management programs of the different agencies has become much more difficult.

At a time when the Congress, the President, the Budget Bureau and the Civil Service Commission have been emphasizing the fact that departments and agencies of the Government should be stressing and intensifying conservation and utilization of personnel, we have found it more difficult for the Department to accomplish, because of continued reductions in appropriations, the expressed objectives of the agencies mentioned.

Agencies of the Department of Agriculture, speaking through their personnel officers and program operations heads, have just made over 100 recommendations to the Director of Personnel of this Department having relationship to better personnel management and more economical utilization of manpower. These proposals ask for guidance, leadership, and help for the agencies which they have every right to expect but much of which can't be given unless the additional funds requested are made available.

The following listing represents essential functions and activities that have been eliminated:

Functions and activities eliminated:

1. Planning and conducting training of administrative officers who have shown potential leadership abilities.
2. Participation on Interdepartmental Committee working with Civil Service Commission on Junior and Senior Intern and Executive Development Intern Program.
3. Planning and conducting conference management training and distribution of material on conference leadership.
4. Preparation and distribution of aids and materials for self-improvement of stenographers (including secretaries), typists and clerks. This training includes practice dictation, specially prepared vocabulary lists, use of typewriter, and improved clerical methods.

5. Compilation and distribution of materials designed to improve dictation practices of employees who utilize stenographer services.
6. Departmental orientation training meetings and the development of special orientation aid such as films, movies and other materials.
7. Discontinue regular planned meetings with agency training officers to keep abreast of program developments, aid in solving mutual training problems and to plan for future training requirements.
8. Public speaking training to better equip employees for public contact work.
9. Training to improve readability of writing through simplication of words and composition.
10. Safety inspection of Departmental and field operations.
11. Safety consulting services.
12. Safety aspects of first aid programs.
13. Maintenance of central accident reporting system and analyses of causes of serious and fatal accidents.
14. Review of Department publications from a safety viewpoint.
15. Review of specifications of equipment to see that safety provisions including devices are adequate.
16. Assistance to the Fair Employment Officer in the operation of the Department's Fair Employment Program.

The handling of employee grievances and appeals and the training of supervisors and other training activities have been an important part of personnel conservation and utilization, in the maintenance of high morale among the employees and for the development of future administrators. The safety program, while materially reducing compensatory payments and expenses to the Government, also prevented many serious injuries and physical impairments to employees.

The increase of $78,400 would permit the Office of Personnel to reestablish the Divisions of Training and Personnel Relations and Safety and to carry out the functions which were eliminated or substantially reduced in fiscal year 1952 at about the same level as in fiscal year 1951.

(3) Budgetary and Financial Administration and Service - An increase of $45,050, under project 3, to provide more effective over-all assistance and necessary leadership in the Department in developing, establishing, and maintaining improved fiscal and accounting systems and procedures, and to strengthen the budgetary and financial reporting activities.

Need for increase: The "Budget and Accounting Procedures Act of 1950", Public Law 784, 81st Congress, sets forth a declaration of policy which embraced the objectives previously published as those of the "joint accounting program". Section 113 of this Act placed specific responsibility for the establishment and maintenance of accounting systems and internal controls on the head of each of the executive agencies. Senate Report 2031, states:

> "The intent and purpose of Section 113 is to place upon the head of each executive agency for the first time the clear responsibility for the establishment and maintenance of an adequate and complete accounting system. It is not intended that the Comptroller General normally shall be compelled to prescribe the details of each system but the system developed by the agencies must conform to the principles, standards and related requirements prescribed by him." (Underscoring supplied)

The Office of Budget and Finance had maintained a limited staff of accountants prior to the initiation of the joint accounting program, but it was readily apparent that it would be necessary to strengthen its systems development staff to adequately meet its responsibilities under this program and under Public Law 784. To this end, and after careful study and analysis, certain central control accounts, which had been maintained for many years at the departmental level, were eliminated. The savings thus effected have been redirected toward determining the adequacy and accuracy of agency accounting systems and procedures and assisting agencies in the development and installation of modern accounting systems and practices. With the limited staff available during the past few years, the office has been able to effect a number of improvements and savings. Pilot installations were placed in operation in several of the agencies to test new fiscal procedures; new systems have been developed and installed in several agencies, and projects are now under way which will result in revisions in the systems and procedures of other bureaus and offices.

The Department has cooperated actively with the Bureau of the Budget and the General Accounting Office in their reviews of the budgeting and accounting practices of all agencies in the Department. The Budget Bureau recently announced plans for a Government-wide follow-up to insure effective action in relation to the survey findings and stated that "This improvement program should be given high priority. It represents a vital part of the President's Management Program".

During the past fiscal year the Office of Budget and Finance participated with the General Accounting Office in preliminary surveys of a number of agencies to determine the adequacy of the accounts and records maintained by the agencies in the control over limitations. Surveys of this nature must be conducted on a continuing basis. This approach represents a much more economical and satisfactory means of assuring adequate controls than that which was formerly obtained through the posting of duplicate records.

With the impetus afforded by the Congressional declaration of policy and the necessity for critically reviewing each phase of the fiscal process to determine the most economical and efficient procedure, this office must take the necessary leadership in initiating and conducting surveys and in developing appropriate systems and procedures. There are at present a number of very important projects which cannot be undertaken for the reason that qualified staff accountants are not

available for the purpose. Additional staffing of several well-trained systems accountants is required to enable the Director of Finance to carry out the Department's responsibilities in the field of accounting under Public Law 784.

Increasingly important responsibilities of the Office are to furnish assistance to agencies in the development of sound reporting systems and standards and to provide technical consulting service on related problems. Because of the steady demand on the time of the present limited staff, it has not been possible to meet many of the needs of Department agencies in solving spot reporting problems and for studying agency reporting systems for the purpose of developing an integrated Department-wide system of budgetary and financial reporting--a system designed to supply to management and operating officials, in the most efficient and practicable way, the type of budgetary and financial data necessary for proper direction of their programs. Such a system would also make information available on a uniform basis for use in responding to inquiries from Congress, other departments and agencies of the Government and the general public. In order to begin work in this very important area, additional assistance is needed, including additional clerical and typing help, to reduce the amount of overtime presently being performed, and to relieve higher classified personnel from some of the less difficult statistical work.

(4) General Operations - An increase of $18,765 under Project 4, composed of:

(a) Increase of $6,265 for strengthening the Department's records administration program.

Need for increase: In order to maintain a staff of records technicians adequate to administer the Departmental records management and disposition program and to properly assist the agencies of the Department in their respective records program, nine positions were established, including that of the Chief of the Records Administration Division. However, there are at present only six technicians including the Chief of the Division, to carry out a complete records program in a staff capacity for the Department. Much progress has been made in the program for the retirement of records no longer required, either by the transfer to the National Archives and Records Service of material having permanent or historical value or the disposition of inactive or valueless record material. There is a continuing need to collaborate with the agency officials of the Department both in Washington and the field to see that the records program is effectively administered. However, due to the limited staff, efforts have thus far been primarily directed toward agency problems in Washington. With an additional records management technician to help in the administration of the program it is felt that the development and installation of improved records management and disposition practices in the field would be considerably accelerated.

(b) Increase of $6,600 for strengthening the work of the Secretary's records section.

Need for increase: A lack of personnel has created the problem whereby amendments to the Department's Administrative Regulations, which are promulgated daily, are not kept up-to-date. In order to properly keep the index to the regulations current, as well as make it comprehensive and easily understood, it is proposed to employ a clerk, who would be trained and skilled in indexing techniques and who would also be qualified to render much needed assistance in the preparation of amendments and revisions of the Regulations for publication.

The services of an additional clerk are also required in the correspondence unit of the Secretary's records section to assist in handling requests for files of previous correspondence and to expedite the recording and processing of letters and dockets requiring the attention or signature of the Secretary of Agriculture, the Under Secretary, and the Assistant Secretary. The prompt handling of official correspondence in the Office of the Secretary is considered to be of the utmost importance. However, due to limited staff, the Secretary's records section is unable to handle this material as expeditiously as its importance warrants.

(c) Increase of $2,950 to more adequately staff the central departmental telephone switchboard.

Need for increase: For some years the staff of the central Department telephone switchboard has been undermanned. This has necessitated the using of supervisors on the switchboard instead of performing their duties as traffic supervisors. This is primarily caused by the spread of hours required in the maintenance of switchboard service on regular work days (8:30 a.m. to 6:30 p.m.) and the necessity of keeping the switchboard open on Saturdays and certain holidays during the year. Personnel requirements, based on standard of performance furnished by the Chesapeake and Potomac Telephone Company, indicates that twenty-one operators would be required to handle the volume of work processed through the Department switchboard. The present staff comprises 19 employees. The proposed increase would provide a total staff of 20 operators which it is believed is necessary to efficiently operate the Department's telephone switchboard.

(d) Increase of $2,950 for strengthening the work of the Department's post office.

Need for increase: The workload of the Department's post office section was increased materially by the necessity for sorting within the section the mail which previously was sorted by the City post office. A total of 15,460,640 pieces of incoming mail and 9,080,806 pieces of outgoing mail were handled during the year by the present staff of six employees.

In addition the number of pneumatic tube carriers handled in the section, chiefly as an intra-Departmental relay operations, was 410,697. This is an increase of 47,994 carriers, or 13 percent,

over the number handled in 1950. The increased workload which followed the discontinuance of pre-sorting mail at the City post office has pointed up the necessity of providing one additional employee, making a staff of seven, to properly and efficiently operate the Department's post office section.

(5) A decrease of $39,335 due to partial absorption of pay adjustment costs, which will be met by a curtailment in the service functions for the over-all Office of the Secretary.

WORK UNDER THIS APPROPRIATION

This appropriation provides for the salaries and general expenses of the Immediate Office of the Secretary of Agriculture, which includes the Secretary, the Under Secretary, the Assistant Secretary and members of their immediate staff, as well as for the departmental offices of Personnel, Budget and Finance, Plant and Operations, and Hearing Examiners. Following are brief summaries of the work currently performed under each of these activities:

(1) General Administration.

The Immediate Office of the Secretary has a comprehensive responsibility for Federal agricultural policy determination, leadership, and program success. This office, in providing direction to the regular, continuing operations of the Department, reviews and coordinates the programs of Department agencies in research, credit, use and protection of natural agricultural resources, education and information on technology of production and marketing, price support operations, crop insurance, disease and insect eradication, and numerous service and regulatory functions ranging from protection of human, plant, and animal health to regulation of commodity exchanges.

For the past several years the Secretary's office has furnished active leadership for a comprehensive program of management improvement. With new pressures arising from international influences and a tightening of the manpower situation, continuing emphasis is being given to simplification of procedures, economies of operation, and the most efficient assignment of functions at all levels of organization.

Many changes in agricultural programs, some of which cannot now be forseen, will have to be formulated during the fiscal year 1953. Programs must be adjusted as necessary to strengthen the Nation's agriculture for emergency conditions. The importance of these matters requires constant Secretarial participation in over-all planning, coordination, and direction. Proper correlation with other agencies, such as the Office of Defense Mobilization and other defense establishments, as well as liaison with farm organizations and agricultural industries, including manufacturers of farm equipment and fertilizer, processors, and other groups dealing with agriculture, impose added responsibilities on the Secretary and his staff.

The Office of the Secretary is responsible for the development of criteria and policy for, and coordination of, comprehensive agricultural resources programs. National emphasis on resource development and conservation programs has particularly focused attention on the Department's responsibility for formulating plans for comprehensive, multi-purpose agricultural land and water use and conservation programs in major river basins. This involves the

coordination of planning and programing within the Department and coordination with other Departments, State agencies, and private interests whose participation is necessary for proper integration of the many parts of over-all basin developments.

(2) Personnel Administration and Service.

Current Functions and Responsibilities: The Office of Personnel, under the supervision of the Director of Personnel, is the staff office of the Secretary responsible for general direction, coordination, and administration of the Department's Personnel Management Program. The Office is responsible for:

1. Policies and Procedures: Personnel policies and procedures are designed to aid program officials in making the most effective use of all employees in the Department. This involves:

(a) Carrying out the expressed policies of Congress, the President, Budget Bureau, Civil Service Commission, Employee Compensation Bureau, and other Federal agencies.

(b) Delegations of authority to agencies to enable completion of personnel actions with a minimum of review and maximum economy in operations.

(c) Issuance of written instructions to agencies concerning regulatory and administrative policy and procedures.

(d) Development and administration of standards and uniform practices for all phases of personnel management.

2. Classification, Salary Administration, and Classification Specifications:

(a) Supervises allocation of all positions in the Department; develops policies and plans for the compensation of employees occupying positions exempted from provisions of the Classification Act of 1949, as amended.

(b) Develops policies with respect to hours of duty for employees.

(c) Interprets appropriate laws, Civil Service Commission rules and Comptroller General decisions and develops policies and regulations on compensation, including within-grade increases, for the guidance of agencies of the Department.

(d) Develops classification specifications for positions peculiar to the Department, and cooperates with the Civil Service Commission in drafting specifications for positions on a service-wide basis.

3. Employee Performance and Development:

(a) Develops policies and standards as guides for agencies of the Department for training, performance ratings, safety, employee grievances and rating appeals.

(b) Advises and cooperates with agencies in carrying out these functions throughout the Department.

4. Employment, Recruitment, Placement, Examination, Separation, and Retirement:

(a) Develops and administers over-all recruitment and placement programs such as Point IV Roster, Junior Agricultural Assistant Program, executive development and other career programs.

(b) Administration of Civil Service Commission examining program including development of qualification and examination standards.

(c) Administers the employment phases of the personnel management program including transfer, promotion, separation, leave and retirement.

(d) Coordinates the compilation of Departmental personnel statistics.

5. Organization and Personnel Management:

(a) Develops improved personnel procedures and organization patterns, reviews organization changes and maintains current organizational record of the Department; surveys and investigates Department's organization to improve structure, lines of authority and responsibility, flow of work and work-load distribution to promote more effective use of personnel.

(b) Directs the review and appraisal of agency personnel program activities, develops standards of personnel office performance and maintains control records on delegated authorities.

(c) Participates in the development and execution of operating plans for the Department's Management Program and develops materials to encourage and maintain employee interest in management improvements. Arranges for the investigation of employee suggestions which require action at the departmental or higher level.

(d) Administers the Department's Honor Awards Program and the Cash Awards Program.

(e) Initiates the preparation of policy, regulatory and administrative personnel instructions.

(f) Studies and prepares Departmental reports on pending legislation having personnel implications.

6. Investigations:

(a) Investigates alleged violations of laws applicable to the Department or violations of Department regulations.

(b) Investigates alleged mismanagement and misconduct of personnel within the Department and its instrumentalities.

(c) Establishes standards to be followed by agencies of the Department in conducting disciplinary investigations and in determining the action to be taken as a result thereof.

(d) Makes necessary investigations in security clearance cases, including requests for special passports, attendance at international conferences, access to classified material and membership on inter-departmental committees dealing with matters important to the national security.

(e) Prepares cases and files for consideration and adjudication by the Department Loyalty Board, prepares forms, reports and loyalty files for submission to the Loyalty Review Board, Civil Service Commission. Maintains control and custody of files and prepares monthly reports for submission to the Loyalty Review Board.

7. Employee Health:

(a) Supervises the health service facilities of the Department.

(b) Provides treatment of on-the-job illnesses requiring emergency attention.

(c) Assists in the conduct of employee health education.

(d) Advises with employees on health matters and instructs employees injured in line of duty regarding compensation rights, report requirements and procedures.

(e) Conducts health examinations as necessary.

The work of the Office is performed through six functional divisions. Each division is responsible to the Director for the efficient carrying out of the functions and responsibilities in its particular field of work.

Examples of recent developments:

Personnel policies and procedures were adjusted to meet the requirements of new laws, executive orders, rules and regulations of the Civil Service Commission, Bureau of the Budget Circulars and other regulatory directives, as well as Comptroller General Decisions. The following are some examples involving special significance in their personnel phases with which the Office has had to be concerned recently:

1. Public Law 201, 82nd Congress: Amends Classification Act of 1949 by increasing minimum salary rate for each grade by 10%, with a minimum increase of $300 and a maximum of $800. Limits maximum salary of officers or employees of Central Bank for Cooperatives, production credit association, or bank for cooperatives to $13,000.

2. Public Law 233, 82nd Congress: Amends annual and sick leave plan for employees; from 13 days to 26 days per year with 60 day accumulation; sick leave earned at rate of 13 days per year with no limit on accumulation.

3. Public Law 253, 82nd Congress: For duration of emergency proclaimed by President on December 16, 1950, restricts permanent appointments; makes promotions and reinstatements temporary or indefinite; limits frequency of promotions; requires annual review of new positions or reallocations, and report to Congress.

4. Public Law 135, 82nd Congress: Limits Department with certain exceptions to filling only 25% of vacancies until number of personnel have been reduced to 90%; limits total number of personnel employees to one to each 115 employees served; except for Secretary's chauffeur, prohibits employment of chauffeurs.

(3) Budgetary and Financial Administration and Service.

The Office of Budget and Finance, as a staff office of the Secretary, provides leadership and coordination of the budgetary, fiscal, procurement and management of operating and administrative supplies and equipment, and related activities of the Department. The Office is primarily responsible for:

Policies and procedures: Formulation and promulgation of over-all departmental policies and procedures relating to the foregoing activities. This includes the refinement of existing budgetary, fiscal and related policies and procedures, the development of new methods and techniques to meet particular Department program needs, and the fostering of administrative and program management improvements through staff liaison and cooperation with agencies of the Department and with other governmental agencies concerned.

Budget formulation and presentation, and management of funds, involving the supervision and coordination of:

(a) The formulation, preparation and presentation of budget estimates and supporting justifications, including the review, analysis and evaluation of agency estimates, the preparation of budgetary and statistical statements, etc., relating thereto, and the presentation of the estimates to the Budget Bureau and Appropriations Committees of Congress.

(b) The allotment and apportionment of funds and current obligation reports thereon, in order to provide for the orderly management of the expenditure of funds, consistent with the purposes for which they were made available.

Accounting functions, including the review of agency accounting systems and reports with a view to:

(a) developing accounting systems in conformance with current principles and standards,

(b) coordinating agency procedures and methods to meet program management needs as well as the requirements of the Treasury, General Accounting Office and other agencies,

(c) Perfecting the systematic flow of accounting data to facilitate improved financial reports,

(d) furnishing technical assistance to agencies in developing improved appropriation, cost, and revolving fund accounting systems and methods adapted to their particular needs,

(e) The maintenance of control accounts on appropriated and other funds available for allotment to two or more agencies of the Department.

Auditing activities, involving guidance and consultation with Department agencies in developing policies, methods, standards and scope of internal audit programs, including programs relating to both government and commercial type audits.

Bureau Accounting Services. Operations such as payrolling, auditing, and administrative fund accounting is performed for the Office of the Secretary, including the staff offices and the working capital fund, and for the Office of the Administrator, Agricultural Research Administration, and the Office of Experiment Stations. These latter two offices are too small to support effective and economic separate fiscal units. The small technical and supervisory staff required for the Office of the Secretary can also supply the technical supervision needed for the fiscal work of ARA and OES. For the fiscal year 1951, the APA contributed $12,984 -- equivalent to about 3.5 man-years; and the Office of Experiment Stations contributed $4,575, or about 1.5 man-years, for fiscal services in connection with

research work under section 9 and Title II of the Research and Marketing Act of 1946. These charges were based upon work load analyses of the Bureau Accounting Services. Funds for performing the accounting and auditing services in connection with other programs administered by OES have been previously transferred to the appropriation for the Office of the Secretary.

Budgetary and Financial Reporting, including the formulation and maintenance of a comprehensive and integrated system of financial and budgetary reporting within the Department; the review and analysis of agency reports to determine completeness, timeliness, etc.; the preparation of regular consolidated and special financial and statistical statements covering all fiscal operations of the Department, including capital, appropriated, and other funds; the development of standards for effective and useful financial and budgetary reports; and advice to the agencies to facilitate use of financial, budgetary, and related operating statements.

Procurement and supply activities such as the acquisition, storage, effective utilization and disposition of administrative and operating supplies and equipment, and the formulation and promulgation of policies and procedures relating thereto, including the administration of delegations of procurement and sales authorities.

Program review consisting of the analysis and evaluation of the budgetary, financial, and legislative aspects of program proposals and program operations.

Legislative reporting including coordination of the preparation, review and clearance of legislative proposals and reports; and providing legislative information relating to agriculture to departmental and agency officials.

Fiscal management involving a wide range of budgetary, fiscal and administrative problems, such as the development of improved and simplified operating methods, procedures, administrative regulations and requirements, and operating instructions and controls; management improvements; measures of economy and efficiency; and the management of administrative and program forms. This function is carried on in close cooperation with other staff offices and governmental agencies.

Liaison: The Office serves as the central point of contact for the Department on budgetary, fiscal, procurement, legislative and related matters with the Bureau of the Budget, General Accounting Office, Treasury Department, General Services Administration and others. It also provides liaison with Congressional Committees on Appropriations and with the House Committee on Agriculture.

Recent Activities: Examples of work accomplished during the last fiscal year which is indicative of problems on which work is now being done, and with which the Office must deal constantly, include:

(a) Improvements in budgetary administration:

(1) Development of revised policies and procedures for administrative controls over expenditures, pursuant to Section 1211 of the General Appropriation Act, 1951, and defining responsibilities for obligating funds; at the same time permitting the flexibility required under the wide variety of operating conditions among the agencies of the Department.

(2) Refinement of budgetary procedures to conform to the concept of performance budgeting.

(3) Simplification of the Department's appropriation structure by consolidation of related appropriation items. This work resulted in a net reduction of 18 items or 25% of the total.

(4) Conducted studies of the activity structure under Department appropriations, and made revisions in line with efforts to improve the accounting support for budget presentations.

(5) Continuation of efforts to assure that the Budget narrative statements adequately reflect the work being performed or proposed to be done, and that work-load data and other measures of performance were used where feasible.

(b) Development of a complete accounting systems in agencies, including:

(1) Accounting control over appropriation limitations, allotments, and apportionments.

(2) Accounting data in support of activity schedules as a basis for the distribution of administrative expenses.

(3) Cost accounting records to reflect actual cost of reimbursable operations.

While a concerted effort has been directed to advancing these objectives during the last fiscal year, there remains a tremendous amount of work to be done in cooperation with the joint (GAO-Treasury-Budget) program for improving accounting systems.

(c) Development of simplified and coordinated accounting practices and procedures to increase the effectiveness of accounting operations, including those resulting from the passage of the Budget and Accounting Procedures Act of 1950.

(d) The Office collaborated with representatives of the Budget Bureau and the General Accounting Office in reviewing budget and accounting procedures in 21 agencies and offices, including two such reviews participated in by members of the House Appropriation Committee staff. The Office also participated in surveys of 19 agencies and offices of the Department conducted by the General Accounting Office with respect to the adequacy of accounts and records in the control of appropriation limitations, special limitations, and individual working funds.

(e) In supply management, new problems were encountered when Government controls were placed upon certain strategic materials. It was necessary for agencies to establish and maintain dollar expenditures quotas in order to place rated orders on commercial sources for maintenance, repair, and operating supplies, and minor capital additions, and increasing difficulty was experienced in obtaining satisfactory deliveries of numerous items of equipment and supplies, such as pipe and pipe fittings, cement, electronic repair parts, etc.

Special efforts were made to establish more stable inventory levels through the careful planning of programs and procurements, and the prompt disposal of excess and surplus property. The seasonal aspects of Department programs make it difficult to maintain stable inventory levels on a Department-wide basis.

Emphasis was continued on placing periodic requisitions on supply centers with the view to further improve the efficiency and reduce the cost of the purchasing process. Continued efforts were made to place a fair portion of Department purchases and contracts with small business concerns. Approximately 62 percent of the Department's total dollar outlay for administrative supplies and equipment for the fiscal year fell into the category of "small business" transactions.

During the year there was a further decentralization of procurement and supply activities to operating levels, and surveys were made from time to time to check the effectiveness of agency procurement and property utilization practices. Continuing review is being given to:

(1) Developing additional property utilization standards.

(2) Better use of equipment data developed from annual inventory and similar reports.

(3) Developing additional criteria, considering age, condition, locations, etc., for determining usefulness elsewhere of property determined to be excess to the owning agency.

Department policy was established on the joint use of property by various agencies of the Department, and the pooling of departmental facilities and equipment was encouraged, where practicable.

(4) General Operations.

In a continuing effort to emprove the effectiveness of the Office of Plant and Operations in the performance of its assigned staff and operating functions, a planned and systematic career development program has been undertaken for its employees. This is in accordance with the Executive Development Program of the Department of Agriculture. The progress of this program has been excellent and not only is a capable staff being developed but beneficial results are being reflected in the day-to-day operations.

Real Estate Division. That part of Secretary's Memorandum No. 1278 which included the consolidated housing of Agricultural activities at both State and County levels resulted in a material increase in the workload of this Division. The urgency of this work and the need to provide technical assistance in both the space management and engineering phases, which developed almost simultaneously in all parts of the country created a heavy demand for the services of the limited number of technically trained personnel. While the principal efforts of this Division have been directed toward the more complicated problem of State consolidation, many preblems of space management at the county level were also resolved. The consolidated housing program has also caused a substantial increase in the normal liaison activities with the Post Office Department and the General Services Administration in regard to utilization and alteration of existing space in Federal buildings and converting of unused space in these buildings into suitable office quarters. The Division was also assigned the responsibility for developing a system for and maintaining progress records of the consolidation housing program. As of October 31, 1951, USDA offices in 1,345 counties and 11 States have been consolidated.

The transfer of 211 leases to the General Services Administration in accordance with Reorganization Plan 18 of 1950 was accomplished, effective January 1, 1951. Authority was delegated by the General Services Administration to the Department for the acquisition of leased space outside of the 128 metropolitan areas affected by this transfer. Thus the leasing pregram of the Department was not substantially affected for there remains under the jurisdiction of the Department over 3,000 leases. The workload of providing uniform policy and procedures throughout the Department has been substantially increased by the necessity of adapting General Services Administration policy and procedures to meet Department needs.

This office continued its policy of further delegating authority to those agencies which have developed adequate competency in the field of space management. These further delegations of authority should permit this office to devote more time to policy, procedure, and inspection matters in the future.

In order to provide space in Washington, D. C., for expanding Defense activities, this Division developed plans and took necessary action to effect a voluntary release of 33,290 square feet of office type space in the District of Columbia. This was done through better utilization of existing space.

Under the real property disposal program (Public Law 152), 15 declarations of excess property were forwarded during the year to the General Services Administration. At the request of the Department, the General Services Administration granted authority to dispose of excess telephone lines, thus facilitating particularly the program of the Forest Service for disposal of many remote telephone lines which were no longer required because of the increased use of radio as a means of communication.

In the field of Civil Defense in Washington, D. C., the Division was given the responsibility for developing plans and procedures within the Department for the designation of safe areas, building protection, and the establishment of an organization and procedure for evacuation of employees to safe areas in case of an emergency.

Records Administration Division. The staff of this Division is engaged in administering an active and continuing program for the effective management, security and disposition of records in each agency of the Department.

The passage of Public Law 754 (81st Congress) on September 5, 1950, gave added importance to this phase of management. This law established a "Federal Records Council" and the Chief of this Division was designated to serve as the Department's representative thereon. Although regulations issued under authority of this law will increase the responsibilities and workload of this Division, they should greatly improve this much needed phase of management.

Included in the projects conducted by the staff of this Division during the year was the indispensable records survey for security purposes. This survey included studies of the potentials of microfilming in order to reduce space and equipment requirements and provide for duplicate records in the case of emergency. Great care had to be exercised in the study of microfilming potentials as there is sometimes a great tendency to go into this process too extensively and at considerable expense. A good example is that of the central salary record cards of the Department dating back to the early 1900's. Instead of microfilming, which would have cost approximately $3,000, these cards were moved to a GSA depository and filed in the personnel folders which had been previously moved to this same location. Approximately 7,000 cubic feet of closed personnel records in Washington, D. C. have been transferred to a GSA depository.

Another project carried on was that of a proposed revision and expansion of the schedules now in existence and approved by Congress for the disposition of form records. Although complete concurrence has not been reached on this project, real progress is being made and it is hoped that the next report will show a material change in the schedules to the betterment of the Department's records management program.

During the fiscal year 1951, the Department disposed of 131,816 linear feet of useless records, equal to the contents of 16,477 four-drawer filing cabinets. Although this figure is somewhat less

than that of last year, it does not reflect in any way any lack of interest in this phase of the Department's records management program. As the program progresses, types of records are encountered which require greater evaluation, thereby temporarily slowing up the disposition on volume basis.

The staff collaborates with the General Services Administration and agencies of this Department in working out matters of policy and operating procedures as it relates to creation, preservation and disposal of records, and continues to participate in the Federal Inter-Agency Records Administration Conference, whose purpose is to foster and develop interest in establishing and improving comprehensive programs of records management in the Federal Government.

Technical Services Division. This Division supplies engineering advisory services to all agencies in the Department in the selection, maintenance, and utilization of automotive and construction equipment; engineering, photographic, and photogrammetric instruments and appliances; laboratory and research appliances and apparatus; farm machinery and miscellaneous equipment in all the foregoing categories which involve the application of engineering principles. Members of the staff represent the Department on various inter-and intra-Departmental technical committees engaged in the development of Federal Specifications, commercial standards, simplified practice recommendations, and motor vehicle operation practicies and standards.

Administrative Services Division. This Division renders services to the over-all Office of the Secretary, including budgetary, personnel, property, and space, etc. Real progress has been made in this Division in the matter of simplifying record keeping and other routines. The Personnel Section is assisting in the development of the personnel career and training programs of this Office.

Service Operations Division. This Division combines in a single organizational entity all of the centralized Departmental services performed in the District of Columbia by the Office of Plant and Operations. These include photographic and duplicating services, central storage and issue of supplies, the department telephone switchboard and telegraph office, motor transport service, and the Department's post office.

The Service Operations Division has been the subject of constant observation throughout the year in an effort to further streamline its operations and improve its organizational pattern in order to provide better and more economical service to the Department's agencies in the fields of supply, communication, reproduction, and other centralized services.

During the year, notable accomplishments by the Photographic Section in the field of color photography were recognized by a USDA Superior Service Award made to the Color Unit for developing color photography techniques to a point of perfection where photographs in color can now be accepted by the Government and the trade as standards for grading beef and eggs. This work is being continued to include other products.

(5) Hearing Examiners

The Hearing Examiners hold quasi-legislative hearings when called on to do so by the administrative agencies of the Department and quasi-judicial hearings on disciplinary complaints filed by the Department against individuals and on petitions filed by private parties asking relief from some action of the Department or its agencies.

In the fiscal year 1951, 81 hearings were held by the Hearing Examiners. In the fiscal years 1950 and 1949, 100 hearings and 82 hearings respectively were held. The number of proceedings pending at the close of the fiscal year 1951 was 97 as compared with 56 at the close of the fiscal year 1950, and 61 at the close of the fiscal year 1949.

In general, the examiners make reports, recommend decisions, and perform such related duties as may be required by the Administrative Procedure Act and the statutory provisions, regulations, and rules of practice applicable to various matters under their jurisdiction. In accordance with the Administrative Procedure Act, administrative hearings are, with few exceptions, held outside of Washington, D. C. Hearings have been held under the Agricultural Marketing Agreement Act of 1937, the Packers and Stockyards Act, the Commodity Exchange Act, the Perishable Agricultural Commodities Act, and the Sugar Act.

(b) Working Capital Fund, Department of Agriculture

The working capital fund is a "no-year" operating fund of $400,000 established by the 1944 Agricultural Appropriation Act to pay the operating costs of certain centralized service organizations pending receipt of reimbursements for such costs from the bureaus and agencies provided with the services. The integrity of the original appropriation is maintained from year to year by means of these reimbursements, and an appropriation in 1953 is, therefore, unnecessary.

Statements reflecting the assets and liabilities and income and expenses of the working capital fund as of June 30, 1951, as well as estimates for 1952 and 1953 are printed in the Budget schedules and in the Subcommittee Print for the fiscal year 1953.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

Item	Obligations, 1951	Estimated obligations, 1952	Estimated obligations, 1953
Agricultural Marketing Act (RMA-Title II) Agriculture, (Office of the Secretary of Agriculture):			
For accounting services rendered in connection with the Agricultural Marketing Act (RMA-Title II)	$3,856	$4,400	$4,400
Working Fund, Agriculture, General (Office of the Secretary of Agriculture):			
Advanced from:			
Department of the Interior:			
For cost of studies in connection with the development of an evaluation of the agricultural repayment feasibility of the Weber Basin Reclamation Project, Utah	3,091	--	--
Department of the Army:			
For expenses in connection with a comprehensive survey of the Arkansas-White-Red River Basin	3,677	--	--
Departments of the Army, Navy, and Air Force:			
To cover costs in connection with the preparation of strategic maps and map material, mosaic compilation, photographic reproductions and photogrammetric compilation	--	1/ 3,125	--
Mutual Security (Allotment to Agriculture) (Office of the Secretary of Agriculture):			
To cover costs incurred for the establishment and maintenance of a roster of technically trained agriculturists and for security work	3,288	1/ 3,725	--
Working Fund, Agriculture, Office of the Secretary of Agriculture:			
Advanced from:			
Rural Electrification Administration:			
To cover expenses relating to investigation of rural electrification cooperatives	11,780	16,800	--

(Continued on next page)

Item	Obligations, 1951	Estimated obligations, 1952	Estimated obligations, 1953
Salaries and Expenses, Defense Production Activities, Agriculture, (Office of the Secretary of Agriculture):			
To provide over-all planning, coordination and integration of the defense activities of the Department	22,852	63,450	--
Obligations under reimbursements from Governmental and other agencies:			
Salaries and expenses	31,177	1,481	1,481
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS	79,721	92,981	5,881

1/ Allotment through December 31, 1951.

PASSENGER MOTOR VEHICLES

The estimates for 1953 provide for a continuation of the authority contained in the 1952 Act for the normal replacement of one of the automobiles assigned to the Office of the Secretary, and for such contingencies as the damage beyond repair of one of the cars used for the official transportation of the Secretary of Agriculture and his assistants.

OFFICE OF THE SOLICITOR

Purpose Statement

The Solicitor's Office was established in 1910 when the Congress prescribed that "hereafter the legal work of the Department of Agriculture shall be performed under the supervision and direction of the Solicitor" (5 U.S.C. 518). Until April 1, 1935 the Solicitor's Office was a unit of the Office of the Secretary, at which time it was established as a separate office having bureau status.

The Solicitor's Office, as the law office of the Department of Agriculture, performs all of the legal work arising from the activities of the Department. The Solicitor represents the Department in administrative proceedings for the promulgation of rules having the force and effect of law; in quasi-judicial hearings held in connection with the administration of various programs and acts; and in proceedings before the Interstate Commerce Commission involving freight rates and practices relating to farm commodities, including appeals from the decisions of the Commission to the courts. He serves as general counsel for the Commodity Credit Corporation and the Federal Crop Insurance Corporation. He furnishes necessary review in connection with criminal cases arising under the programs of the Department for the purposes of referring them to the Department of Justice.

By special assignment of the Attorney General, the Associate Solicitor on Litigation represents the Department in certain categories of cases before appellate courts, including the Supreme Courts of the States, U. S. Circuit Courts of Appeal and the Supreme Court of the United States. The Solicitor issues both formal and informal opinions on legal questions arising in the administration of the Department's programs; prepares and reviews administrative rules and regulations applicable to the public; assists in the drafting of proposed legislation; prepares, reviews and interprets contracts, mortgages, leases, deeds, and similar documents; prosecutes patent applications for employees of the Department; examines titles to lands to be acquired by the Government or accepted as security for loans; and disposes of claims by and against the United States arising out of the Department's activities.

The legal work of the Office is carried on by 10 divisions in Washington, supervised by a deputy solicitor and 4 associate solicitors, each having 2 divisions, the Associate Solicitor on Litigation, and the Solicitor. The work in the field is handled by 10 regional and 8 branch offices located as follows: Atlanta, Georgia (branch office in Raleigh, North Carolina); Chicago, Illinois (branch office in Milwaukee, Wisconsin); Dallas, Texas; Denver, Colorado (branch offices in Albuquerque, New Mexico, Missoula, Montana and Ogden, Utah); Lincoln, Nebraska (branch office in St. Paul, Minnesota); Little Rock, Arkansas; Philadelphia, Pennsylvania; Portland, Oregon; San Francisco, California (branch offices in Los Angeles, California, and Honolulu, T. H.); and San Juan, P. R.

On November 30, 1951, the Solicitor's Office had 451 employees, of whom 266 were in Washington and the balance in the field.

	Estimated, 1952	Budget Estimate, 1953
Appropriated funds	$2,372,000	$2,356,000

Salaries and Expenses

Appropriation Act, 1952		$2,200,000
Anticipated pay adjustment supplemental		172,000
Transfers from other accounts (shown in detail in "Project Statement" below)		224,800
Base for 1953		2,596,800
Budget Estimate, 1953:		
Direct appropriation	$2,356,000	
Transfers from--		
"Flood control, Department of Agriculture"	18,460	
"Administrative expenses, Commodity Credit Corporation, Department of Agriculture"	206,840	
Total available, 1953		2,581,300
Decrease (partial absorption of pay adjustment costs)		-15,500

PROJECT STATEMENT

Project	1951	1952 (estimated)	Decrease (Pay adjustment absorption)	1953 (estimated)
1. Agricultural credit	$772,714	$771,850	-$5,200	$766,650
2. Commodity Credit, production and adjustment programs	429,252	443,340	- 1,100	442,240
3. Lands, forestry, research and general legal services	471,713	467,610	- 3,000	464,610
4. Marketing and regulatory laws	390,374	403,050	- 2,750	400,300
5. Rural electrification and telephone programs	513,040	510,950	- 3,450	507,500
Unobligated balance	84,007	- -	- -	- -
Total pay adjustment costs	[- -]	[200,900]	[+ 3,900]	[204,800]
Total available	2,661,100	2,596,800	-15,500	2,581,300
Transferred to "Expenses of Defense Production"	+20,000	- -	- -	- -
Received by transfer from:				
"Flood control, Department of Agriculture"	-17,000	-18,460	- -	-18,460
"Administrative expenses, Commodity Credit Corporation, Department of Agriculture"	-190,000	-206,340	-500	-206,840
Subtotal	2,474,100	2,372,000	-16,000	2,356,000
Reduction pursuant to Sec.1214	+88,400	- -		
Anticipated pay adjustment supplemental	- -	-172,000		
Total appropriation or estimate	2,562,500	2,200,000		

STATUS OF PROGRAM

Legal services are furnished by the Office of the Solicitor in connection with the many and varied programs and activities of the Department in every State, territory and possession. The Secretary and other administrative officials are advised on legal problems which arise in connection with their work. The progress and effectiveness of the functions of the Department require legal competence with a broad appreciation and understanding of Department and related governmental policies and programs.

The activities of the Office of the Solicitor are listed below by major functional groups followed by a table reflecting the type and volume of legal work performed during fiscal year 1951.

Farm Credit Administration Programs

Current activities: In addition to furnishing day-to-day legal services to the Governor, the four Commissioners and members of their staffs in the administration of the Farm Credit System, the following subjects received special attention during fiscal year 1951:

Regulations and procedures under Public Law 760, 81st Congress, approved September 6, 1950, providing for the sale of mineral interests held by the Federal Farm Mortgage Corporation to owners of surface lands;
Study of recent North Dakota legislation to determine if adequate to enable Federal land banks and banks for cooperatives to resume land mortgage lending in that State;
Continued study and review of retirement plans for farm credit district personnel;
Application to farm credit organizations of the Fair Labor Standards Act, regulations of the Wage Stabilization Board, and credit controls by the Federal Reserve Board under Regulations X and W;
Completion of liquidation of the last joint stock land bank (leaving only the nine joint stock land banks in nominal receivership);
Study of tax laws applicable to production credit associations when they have retired all Government capital;
Issuance of debentures of Federal intermediate credit banks and the Central Bank for Cooperatives and of Federal land bank bonds with special attention to State laws in respect to the investment of trust funds in such securities.

This office also reviewed, and in some cases drafted, proposed legislation relating to various phases of agricultural credit, such as proposed permanent provisions in the Bankruptcy Act for farmer debtors, repeal of existing provisions for additional subscriptions on behalf of the United States to the capital stock of the Federal land banks, eventual withdrawal of employees of Federal land banks and regional banks for cooperatives from the civil-service retirement system, and similar proposals. Regulations for the guidance of the district units were prepared or revised, and published in the Federal Register,

and material was assembled or information supplied in response to various congressional requests.

Farmers Home Administration Programs

Current activities: The major portion of the legal work performed in connection with these programs relates to loan and security approval and loan servicing and collecting, including the collection and liquidation of assets transferred to the Farmers Home Administration and compromise of indebtedness; litigation, including foreclosure and other legal actions for the collection of accounts serviced by the Farmers Home Administration and actions for the purpose of protecting the security interests of the United States; legal approval of administrative policies, procedures, instructions, forms and correspondence; and drafting of legislative reports and clearance of legislative matters.

New activities in fiscal year 1951 included the drafting of State legislation necessary to implement negotiations for the transfer of assets of the State rural rehabilitation corporations pursuant to Public Law 499, 81st Congress, 2d Session, and the drafting of instruments of transfer upon completion of these negotiations. The other principal new activity was in connection with Public Law 760, 81st Congress, 2d Session, regarding the disposition of reserved mineral interests to the owners of the surface title to land previously sold under programs of the Farmers Home Administration and its predecessor agencies.

Examples of recent developments: In addition to the continuing and new legal work mentioned above the following is illustrative of some of the more recent activities:

1. Special activities since July 1, 1951 include legal work in connection with a substantial revision of many regulations of the Farmers Home Administration in loan policy and loan making procedures occasioned by the enactment of Public Law 123, 82nd Congress, 1st Session, which raised the loan limits and extended repayment period for production and subsistence loans and authorized the deferment of the first payment for such loans and farm acquisition and improvement loans in cases involving substantial farm development or reorganization of the farming enterprise.

2. There has been a marked, though gradual, increase in litigation attributable to the fact that the liquidation and debt settlement programs of the Farmers Home Administration are reaching that phase which requires more litigation in order to effect collections from debtors with substantial repayment ability.

Commodity Credit, Section 32 and School Lunch Programs

Current activities: Legal assistance was rendered in connection with

general corporate activities of the Commodity Credit Corporation and its day to day operations involving price support, foreign purchase, supply, commodity export including wheat pursuant to the International Wheat Agreement, and storage facilities programs. Legal problems in connection therewith were of the types incident to the operation of Government agencies in addition to those that generally arise in connection with the operations of large private corporations and involved many varied and unusual legal issues. For example, in connection with the storage facilities program involving both CCC owned bins and construction loans to producers, in addition to the preparation or examination of chattel mortgages, real estate mortgages, subordination agreements and other instruments, opinions were rendered with respect to the procurement, maintenance and disposition of Commodity Credit Corporation-owned storage structures and equipment. Legal problems were also handled which arose out of the taxation of such structures and sites, the leasing of real estate and the leasing of bins. Assistance was given in the formulation of all of the Corporation's proposed programs and policies by reviewing them for legal sufficiency and a legal analysis was prepared of each proposed program prior to its consideration by the Board of Directors of the Corporation.

Legal work continued to be performed in connection with the export, purchase and diversion programs undertaken pursuant to section 32 of the Act of August 24, 1935, as amended, and in connection with the administration of the National School Lunch Act, approved June 4, 1946.

Legal services were also performed in connection with claims arising out of the activities discussed above. When satisfactory settlement could not be effected in the Department, claims involving the Commodity Credit Corporation were prepared for court action and referred to the Department of Justice, while other claims were referred to the General Accounting Office for consideration. As of June 30, 1951, 636 cases were in litigation or had been referred to the Department of Justice. The total amount involved in all pending cases is over $15,000,000.

The Office assisted the Department of Justice by preparing pleadings, motions, orders, stipulations, and briefs and legal memoranda; by assembling the evidence and arranging for attendance of witnesses, and by active participation in the trial of the more complicated cases.

Other related legal work was performed with respect to problems that arose in connection with the Foreign Assistance Act of 1948, as amended. Principally this involved giving legal interpretations of the Act in connection with sales made by the Commodity Credit Corporation to governments using foreign aid funds and reviewing the terms and conditions, principally those involved in establishing the pricing formula and level of export payments, under which section 32 funds were used in accordance with section 112(f) of the Act. Legal assistance was also given in connection with the

liquidation of a program under which food processing plants were acquired under the Lend-Lease Act.

Examples of recent litigation: Illustrative of the novel and varied legal issues presented in cases such as those mentioned above are as follows:

Rosenberg Bros. Inc. v. CCC is one of ten cases, filed by various raisin packers, in which the packers are seeking damages of several million dollars, alleged to have been suffered by them as a result of changes in a program previously announced through the press by the Secretary of Agriculture. These cases involve a very important principle of law as regards the liability of the Government for policy statements issued by Government officials.

Gerard McNamara v. CCC involved a suit filed in which it was sought to enjoin the Government from carrying out price support programs as being unconstitutional.

J. C. Crouch Grain Co. v. CCC is in the nature of a test case, with several million dollars involved in the outcome in which the plaintiff, a warehouseman, has challenged the method followed by Commodity Credit Corporation in computing storage charges under the Uniform Grain Storage Agreement which is entered into with all warehouses who store grain for Commodity Credit Corporation.

United States v. H. Bowden, United States v. R. S. Hain, United States v. Adams and Leland, are among a number of cases filed in various federal district courts raising issues over the statute of limitation provision contained in the Commodity Credit Corporation Charter Act.

United States v. Tanner's Inc., involving a claim of approximately $1,000,000 arising out of the conversion by a warehouseman of Commodity Credit Corporation owned commodities, in which it was necessary to file various writs of attachment, and garnishment, and to initiate, and take active part in the conduct of receivership proceedings.

The matter of an application for exemption from certain property owned by Commodity Credit Corporation involved hearings before the Board of Tax Appeals of the State of Ohio, to determine whether Commodity Credit Corporation storage facilities located on leased property are exempt from State taxation.

United States v. Leonard Banz, et al., involving shortages and deterioration of grain stored in a warehouse under the Uniform Grain Storage Agreement, raises problems typical of many cases of this nature handled by this office, including the liability of the warehouseman for the deterioration and shortage, the responsibility of the surety and insurance companies in such circumstances, the answerability of innocent purchasers for the grain converted, the proration with other depositors of any grain remaining on hand, and the right of Commodity Credit Corporation to priority in the general assets of the warehousemen in the event of insolvency.

Examples of recent appellate litigation: Briefs on behalf of the De-

partment were prepared by this office and oral argument submitted in litigation in the appellate courts in connection with Commodity Credit Programs as follows:

In Greenwood Products Company v. United States (C.A. 5), 188 F. 2d 401, involving a claim by Commodity Credit Corporation for $133,506.71, plus approximately $60,000 in interest, a judgment was entered by the Court for the total amount of the claim. The issues related to whether a certain contractual provision was an executory agreement to sell or an agreement of sale with title being retained for security; whether the risk of loss by fire was on the purchaser under a conditional sale; whether under an agreement of bailment the Commodity Credit Corporation had an insurable interest with respect to the resale value of the peanuts --as distinguished from the purchase value. Recently this judgment was paid in full by the Greenwood Products Company.

In United States v. LeRoy Dyal Company (C.A. 3), 186 F. 2d 460, the validity of the provision for liquidated damages in the Department's contract under the Irish potato price support program was upheld. The principle established by the Court's opinion is that a liquidated damage provision in a government contract is valid if, on the date of the making of the contract, the amount of damages would be difficult to ascertain in the event of a breach of the contract and the sum specified as liquidated damages is a reasonable pre-estimate or forecast of the damages likely to be incurred by the Government in the event of a breach of the contract. The Court thereby distinguished former cases in which it was held that such provisions operated in terrorem and were invalid. In upholding the Department's position, the Court recognized that the provisions for liquidated damages "serve a particularly useful function when damages are uncertain in nature or amount or are unmeasurable, as is the case in many Government contracts." The Supreme Court has denied certiorari, 341 U.S. 926.

Production and Adjustment

Current activities: Legal services were rendered in connection with the work of the Federal Crop Insurance Corporation, the sugar quota and payment program, the farm marketing quota programs, and the agricultural conservation program and naval stores conservation program. In addition, this office continued to furnish legal assistance in connection with the International Wheat Agreement and the recommendations of the Department in regard to the renegotiations of trade agreements. Many questions were handled in connection with the application of the General Agreement on Tariffs and Trade to the various departmental programs.

Farm marketing quotas and acreage allotments were in effect with respect to the 1951 crops of peanuts and six kinds of tobacco (flue-cured, Burley, fire-cured, dark air-cured, Virginia sun-cured, and cigar-filler and binder). There was a substantial in-

crease during the fiscal year 1951 in the work relating to tobacco marketing quotas. The marketing quota program was effective for the first time in 1951 on cigar-filler and cigar-binder tobacco and similar programs were also developed for the 1951 crops of cigar-filler tobacco and Maryland type tobacco but quotas for these kinds of tobacco were disapproved in producer referenda.

Litigation involving farm marketing quotas continued to be heavy. The reduction in the number of cotton marketing quota cases was off-set by extension for the first time of the tobacco quota program to the 1951 crop of cigar-filler and cigar-binder tobacco. There was also an increase in the number of cases involving violations of the peanut marketing quota program. Litigation under these programs included claims by the Government for marketing quota penalties, suits by farmers to enjoin the application of marketing quotas to their farms, suits by farmers for court review of determinations by review committees of farm marketing quotas, and violations of Sections 371 and 1001 of Title 18 of the United States Code.

The legal work on crop insurance increased during the fiscal year 1951 by reason of an increase of approximately 30 percent in the number of counties in which crop insurance was offered under the 1951 crop program as compared to the 1950 crop program. The number of counties in which insurance was offered increased from 624 in 1950 to 810 in 1951 and the number of policy holders increased from approximately 307,000 to 345,000. The 1951 crop is the second crop to be insured under the expanded program authorized by Public Law 268, 81st Congress. The additional legal work involved the drafting of new regulations and contracts and the handling of a substantially larger number of claims for indemnities under the expanded programs.

This office continued to collaborate with the Federal Crop Insurance Corporation in an intensive program for the collection of delinquent crop insurance premiums. Collections amounted to approximately $265,000 in fiscal year 1951.

In addition, the office drafted several proposed amendments to the Agricultural Adjustment Act of 1938, as amended, the Soil Conservation and Domestic Allotment Act, as amended, and the Sugar Act of 1948. The most important of these amendments were enacted as Public Law 17, 82nd Congress, amending the Agricultural Adjustment Act of 1938, and Public Law 140, 82nd Congress, amending and extending the Sugar Act of 1948.

Recent appellate litigation: Briefs on behalf of the Department were prepared by this office and oral argument submitted in litigation in the appellate courts in connection with production and adjustment programs as follows:

The Supreme Court in South Carolina decided two cases on May 21 and June 1, respectively, involving tobacco acreage allotments

under the Agricultural Adjustment Act of 1938. The members of the Review Committee were the defendants in the case of Lee v. Berry and in the case of Lee v. DeBerry. In deciding these cases in the Department's favor, the Court held that "the acreage allotment is made to the farm and not to the person who owns or operates the farm, and therefore runs with the land" and cannot be retained by the owner of the land when the land is sold; the Federal law governs in the interpretation of a Federal statute, even though the case is in a State court; the Findings of Fact by the Review Committee must be upheld on judicial review if the Findings are supported by substantial evidence; land is in "regular rotation" and is to be regarded as cropland if the rotation is that normally or usually followed on the farm so that the land is still available for the planting of tobacco; and the burden of proof is on the appellant in the proceeding before the Review Committee, and it is not the Court's function to substitute its judgment for that of the Committee in the application of the broad phases "regular rotation" and "cropland" to the facts adduced in evidence. The cases were carefully considered by the Court, and reargument was heard in each case. The Office has been informed by the Chairman of the State PMA Committee in South Carolina that the favorable result in these cases will be of far-reaching value in the administration of acreage allotment programs in that State.

In United States v. Aycock-Lindsey Corporation (C.A. 5), 187 F. 2d 117, the Department was successful in contending that the statutory limitation, in the Soil Conservation and Domestic Allotment Act, on the total amount that may be paid to any person applies to a corporation and its wholly-owned subsidiary, so that the corporation and its wholly-owned subsidiary are to be treated as a unit, i.e., as one person, for the purpose of applying the statutory limitation.

Forestry and Lands Programs

Current activities: Legal work was performed in connection with the administration of the national forests; Forest Service cooperative and land acquisition programs; the submarginal land programs; run-off and waterflow retardation and soil erosion prevention; Missouri River Basin agricultural program; comprehensive development programs of the Columbia River Basin area, the Arkansas-White-Red Rivers area and the New York-New England area; water conservation and utilization projects; and the soil conservation districts program. Examples of the legal work performed are as follows:

Legal assistance was given the Forest Service in the drafting of an appropriate form of agreement for use in carrying out the provisions of Section 4 of the Clarke-McNary Act, as amended. The agreement, which involves cooperating with States in seed and tree planting, was entered into with 43 States and two Territories.

Legal services were rendered in the preparation and execution of

cooperative agreements and plans entered into between the Secretary and several States pursuant to the Forest Management Act of August 25, 1950.

This office assisted the Soil Conservation Service and the Forest Service in carrying out their respective responsibilities under the Secretary's Memorandum No. 1278, providing for coordination of the Department's agricultural resources conservation services.

Legal assistance was furnished in connection with the defense of two suits against the United States that were instituted by grazing permittees on a national forest. They are seeking damages for the reduction of their grazing permits and restoration of the preferences. The issues involved have been raised for the first time by these suits.

With respect to flood control survey reports and works improvement, legal assistance was given in connection with a determination of the necessity for preparing monetary cost-benefit analyses. The furnishing of legal guidance and assistance to officials of the Department relative to riparian rights in Eastern States, particularly in connection with drainage laws, was continued.

An increased amount of time was devoted to the drafting and review of proposed legislation and regulations affecting the activities of the Forest Service and the Soil Conservation Service. One such piece of legislation involves the Indian claims in Alaska. This proposed legislation is of particular importance to the Forest Service, since more than 20 million acres of national forest lands are involved.

In connection with the administration, management and protection of the national forests and land utilization projects, the regional offices were called upon to approve individual contracts and agreements such as timber sales contracts, and also to assist the field offices of the administering bureaus in the investigation, development and presentation of cases involving trespass, breach of contract, and other matters. Many of such cases were referred directly to the United States Attorneys by the regional attorneys who, in some instances, assisted the United States Attorney in the prosecution of such cases.

The title work in connection with the land acquisition programs of the Department, during the fiscal year 1951 comprised approximately 600 purchase, exchange and donation cases involving 350,000 acres and more than 3¼ million dollars. This office's responsibility in connection with these programs consists of procuring or preparing and reviewing the abstracts or other evidences of title, preparing and obtaining the execution of the necessary curative instruments and deeds to the United States, and the closing of many of the transactions.

General Legal Services Division

Current activities: There were considered in this office a considerable number of legal problems in connection with the Department's

Appropriation Bill for the fiscal year 1952, involving "points of order", and the construction of numerous special provisions.

The number of tort claims handled in this office on a current basis in 1951 was approximately the same as the preceding year. Of particular interest and importance is the large number of claims resulting from alleged damage caused by the Government's aerial spraying operations in combating the spruce budworm and other forest pests. These cases involve difficult applications of the tort law, which may ultimately be settled only by litigation.

Executive Order 10096 concerning Domestic Patent Policy required redrafting of the Department patent regulations and setting up a system of reporting patent cases to the Chairman of the Government Patents Board. Over 100 cases were reported on patents granted, applications filed and determinations leaving commercial rights in the inventions with the employee-inventors. The reporting under the foreign patent program, instituted by Executive Order 9865 of patent applications to the Office of Technical Services was also continued.

Following the reenactment by the Congress of the authority of the First War Powers Act, 1941, providing special contracting power for the duration of the defense emergency, assistance was given to bureaus and staff offices in providing regulations and instructions for the use of these powers. In the renewed activities of the Department for the production of rubber-bearing guayule in Texas and California, special contracting forms and instructions were prepared including the application of the First War Powers Act authorities.

Recent litigation: In B. F. Combs v. United States, this office assisted the United States Attorney in the successful defense in an action brought by a slaughterer in Vermont to recover fees paid to the Department for meat inspection services during the fiscal year 1948, under the statute in force for that year only. A notice of appeal has been filed by the plaintiff in this case.

In the cases of Furman v. Brannan and Elder v. Brannan, certiorari was granted during fiscal year 1951 by the Supreme Court. In view of the importance of these cases in application and interpretation of the law and regulations governing veterans preference and reductions-in-force generally, considerable assistance was given the Department of Justice in the preparation of briefs and arguments. A decision favorable to the Government was rendered by the Court. This office also assisted the Department of Justice in the continued defense of other cases arising from reductions-in-force and other personnel actions. In the case of Powell v. Brannan, arising from the 1947 reduction-in-force, considerable assistance was given the Department of Justice in defense of the employee's contention that his reassignment rights as a veteran appointee had not been accorded full recognition; this case was the first of its kind within this Department to receive a full trial on its merits and favorable decision was rendered by the District Court for the District of Columbia. In several other cases assistance was

rendered the Department of Justice in arranging stipulated judgments in the Court of Claims for employees entitled to back pay.

Marketing and Regulatory Laws

Current activities: There was a marked increase in the legal work performed during fiscal year 1951 in connection with the many regulatory laws administered by the Department.

The 46 hearings on amendments to existing marketing agreement and order programs held during the fiscal year represented an increase of 33-1/3% over the number of such hearings held during the preceding fiscal year. Six new orders were made effective and one order was terminated, resulting in 71 active programs (41 milk and 30 in the fruit, vegetable, nut and hog-cholera serum and virus fields) at the close of the fiscal year. Court actions involving these programs numbered 69, and grade, size, volume and other regulations increased from 263 to 321. Legal work on these programs required the preparation or review of 4269 orders, rules, opinions, memoranda, pleadings, briefs, letters and other documents.

Reparation proceedings were completed and decisions were rendered in 219 cases under the Perishable Agricultural Commodities Act, an increase of 13% over the 1950 fiscal year.

Legal work was performed in connection with 43 proceedings before the Interstate Commerce Commission and the United States Maritime Board involving rail, motor, and water carrier rates and practices, many of which were of an involved nature. These proceedings required 31 protracted hearings throughout the country.

An additional 25 stockyards were posted under the Packers and Stockyards Act. One hundred and nineteen rate, disciplinary, and reparation administrative proceedings were instituted in addition to the 36 proceedings pending on July 1, 1950. This is a 48 percent increase in the number of cases handled under this Act over the number of cases handled during the 1950 fiscal year.

Among the regulatory proceedings handled under the Commodity Exchange Act were proceedings involving manipulation of prices on commodity exchanges and maintenance of records in which a number of novel and important legal issues were raised.

Examples of recent developments: During the first quarter of fiscal year 1952 four new marketing agreement and order programs were made effective and one terminated, 21 court actions were instituted and 92 regulations issued. Under the Perishable Agricultural Commodities Act 59 decisions were rendered and 64 new cases instituted.

Recent appellate litigation: Briefs on behalf of the Department were prepared by this office and oral argument submitted in the following litigation in the appellate courts in connection with marketing and regulatory laws:

In Brannan v. Stark, involving the validity of the co-operative payment provisions in the Boston milk order, under the Agricultural Marketing Agreement Act of 1937, the Supreme Court has granted certiorari, 341 U. S. 908, to review the decision of the U. S. Court of Appeals for the District of Columbia, 181 F. 2d 871. Oral argument was made on this case in October, 1951, however, it has not yet been decided.

In Weldon v. Interstate Commerce Commission, this office filed a brief amicus curiae on the question as to whether a "raw shelled peanut" is an agricultural commodity as distinguished from a manufactured product. This issue, however, was later abandoned by the appellant and the case was affirmed without opinion by the U. S. Court of Appeals for the Sixth Circuit.

In Moore v. Brannan, involving false reports and an attempt to manipulate the market price of lard in violation of the Commodity Exchange Act, and also the failure to file reports under the Act, the U. S. Court of Appeals for the District of Columbia affirmed the findings of fact and ruling of the Judicial Officer and certiorari was denied by the United States Supreme Court. The case involved important questions of statutory interpretation, an issue under the due process clause of the Fifth Amendment to the Constitution, and also the scope of judicial review under the Commodity Exchange Act. Under the ruling by the Judicial Officer the respondent's trading privileges on contract markets were suspended for a period of 90 days.

Rural Electrification and Telephone Programs

Current activities: The legal work performed in connection with the Rural electrification and rural telephone programs of the Rural Electrification Administration related generally to (1) loans and the security therefor; and (2) construction and operation of borrowers' systems. The variety and complexity of the legal problems in respect of these programs exceeded that encountered in prior years. Under the telephone program, the almost infinite variety among States as to enabling acts, commission jurisdiction requirements, Blue Sky law requirements, etc., the unique problems from the security standpoint which required individual handling, and the more complicated findings legally required of the Administrator necessitated more legal work in connection with each case than experienced in the rural electrification program. The two programs were in different stages of development during the year, but, as to both programs, the basic functions of the Solicitor's Office were as follows:

Rendered many legal opinions and rulings to the REA Administrator and members of the REA organization - not only concerning the Rural Electrification Act, as amended (either generally, or in its application to specific cases or problems), but also covering all phases of federal, state, and territorial legislation affecting the REA programs or its borrowers or applicants for loans.

Functioned as an essential part of the REA "production line" in:

(a) The drafting or legal approval of loan and security documents;
(b) The drafting of forms of agreements incident to the construction projects, engineering services, and other contracts between REA borrowers and parties other than the Government, needed for the construction and effective operation of projects; and
(c) The legal approval of (and rendering of such legal advice with respect to all such contracts as might be needed.

Rendered legal advice and assistance to the REA staff (or to REA borrowers and their attorneys) concerning pending litigation, or the impact of state legislation, having a direct and recognizable bearing on the protection of the Government's security interests or the accomplishment of the objectives of the two programs entrusted to REA by the Congress.

There was increased legal activity in respect of loans and loan proposals involving complex problems, both drafting and otherwise - particularly those in respect of generation and transmission loans, those involving pooling arrangements with other agencies, and those encountered in extending electric service into the thinner and pocketed areas. Moreover, the legal work relating to loan servicing work (in the broad sense of that term) continued its increase as the cumulative total of loans since the inception of the program increased during fiscal year 1951 to $2,427,204,114. The construction work in progress continued at a high level with the additional important workload imposed on this office in connection with the interpretation of various regulations issued pursuant to the Defense Production Act with respect to credit, price and materials controls. The current price and materials situation also increased the legal workload sharply with respect to the drafting of special contractual provisions such as those relating to price escalation, deliveries, and compliance with applicable regulations and controls, and with respect to negotiations with suppliers.

Recent litigation: Major litigation, both in the courts and before regulatory bodies, important to the REA program and to the Government's security interests, increased during fiscal year 1951. This litigation related principally to:

(a) The protection of borrowers' service areas;
(b) Borrowers' area coverage programs;
(c) Issuance of securities by the borrowers to the Government;
(d) Public utility status of borrowers;
(e) Wholesale power supply and rates;
(f) Construction of generation and transmission facilities; and
(g) Enforcement of the borrowers' rights under construction contracts and performance bonds.

Assistance was rendered to REA borrowers in a large number of cases in various States by making available to them the accumulated legal experience of sixteen years of the REA program covering more than 1,000 borrowers, and, in proceedings involving issues of state and

national importance to the REA program. Another aspect in connection with litigation is that of submitting analyses of the issues involved in pending litigation and advice to REA with respect to its effects upon the REA program and the Government's security requirements.

Among the current litigation is an action pending in the United States District Court for the District of Columbia, instituted, by Kansas City Power and Light Co. and nine other public utilities operating in Missouri, against the Secretaries of Agriculture and Interior, the REA Administrator, and other Government officials, seeking to enjoin the lending of REA funds for the construction of electric generation and transmission facilities and the consummation of lease and power interchange agreements between REA borrowers and Southwestern Power Administration which would make available to REA borrowers in Missouri adequate supplies of power at greatly reduced rates through interconnection with Bull Shoals Dam hydro-electric power station. This suit raises fundamental questions as to the scope of the lending power under the Rural Electrification Act. Concomitant efforts of the power companies to halt this construction and these leases and interchange agreements are represented in Commission and court proceedings in Missouri and Commission proceedings in Arkansas directly affecting the REA borrowers.

U. S. DEPARTMENT OF AGRICULTURE
Office of the Solicitor

TYPE AND VOLUME OF LEGAL WORK PERFORMED - JULY 1, 1950 - JUNE 30, 1951

	Agricultural Credit		Com. Credit Prod. & Adjust. Prog.		Lands, For., Res. & Gen. Legal Serv.		Mktg. & Reg. Laws		Rural Elec. & Tel. Prog.		Total	
	Hours	Work Units	Hours	Work Units	Hours	Work Units	Hours	Work Units	Hours	Work Units	Hours	Work Units
Administrative proceedings, including proceedings before Federal, State and other regulatory bodies or commissions.....	8	-	540	22	668	20	48,397	414	1,942	-	51,555	456
Court proceedings - civil actions...	9,571	4,535	20,006	1,604	4,326	363	8,645	337	2,937	-	45,485	6,839
Court proceedings - criminal actions.....	1,260	570	2,441	157	520	62	4,031	139	144	-	8,396	928
Claims (prior to institution of court proceedings).....	2,488	1,219	10,357	1,736	4,632	780	100	52	-	-	17,577	3,787
Opinions and legal memoranda prepared.....	13,297	6,314	8,521	1,564	8,891	2,128	2,318	321	11,026	-	44,053	10,327
Title documents prepared or approved.....	1,832	1,340	146	68	12,962	5,917	-	-	-	-	14,940	7,325
New loans.....	26,865	13,931	43	-	2	1	-	-	31,904	538	58,814	14,470
Servicing outstanding loans.....	27,172	-	-	-	131	-	-	-	29,208	-	56,511	-
Legal work relating to proposed legislation.....	1,430	-	1,028	-	3,338	-	299	-	1,936	-	8,031	-
All other legal work.....	31,154	-	29,103	-	39,477	-	13,407	-	12,012	-	125,153	-
Total.....	115,077	27,909	72,185	5,151	74,947	9,271	77,197	1,263	91,109	538	430,515	44,132

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

Item	Obligations, 1951	Estimated obligations, 1952	Estimated obligations, 1953
Agricultural Marketing Act (RMA--Title II) (Office of the Solicitor):			
For legal services incident to research and marketing activities	$4,981	$5,000	$5,000
Disaster loans, etc., revolving fund, Department of Agriculture (Office of the Solicitor):			
For legal services in connection with disaster loans, fur loans, and the liquidation of the Regional Agricultural Credit Corporation assets	14,896	16,300	16,300
Working Fund, Agriculture, Office of the Solicitor, Advance from Bureau of Animal Industry:			
For legal services to assist in the program for the control of foot-and-mouth disease conducted cooperatively by the United States and the Republic of Mexico as may be mutually agreed upon	14,069	16,200	--
Salaries and Expenses, Defense Production Activities, Agriculture (Office of the Solicitor):			
For legal services in connection with defense production activities	40,846	41,650	--
Obligations incurred under reimbursements from Governmental and other agencies	51,299	--	--
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS	126,091	79,150	21,300

OFFICE OF FOREIGN AGRICULTURAL RELATIONS

Purpose Statement

The Office of Foreign Agricultural Relations serves the interests of United States farmers by observing and reporting conditions in foreign countries which are of importance from the standpoints of competition and export demand. Through agricultural officers of the Foreign Service of the United States, nominated by and assigned on recommendation from this Office, as well as through a limited number of its own commodity specialists assigned abroad, the Office undertakes to maintain constant contact with crop and livestock production and with market demand situations in all countries of the world where these conditions are important. Information so gathered is analyzed and interpreted to the extent possible, and is placed at the disposition of United States agricultural producers and of individuals and firms engaged in agricultural foreign trade. It is used also as background for those persons planning foreign programs in the agricultural field such as technical assistance programs and various aspects of the defense program. It is likewise supplied to the Congress for use in the formulation of United States agricultural policy and to other agencies of the Executive Departments for use in the administration of agricultural programs.

The Office represents the Department of Agriculture in the negotiation and implementation of trade agreements and international commodity agreements, and on inter-agency and interdepartmental committees concerned with the foreign policies and programs of the United States in economic development and financial matters. Similarly this Office advises the Secretary on questions involving foreign trade policy, such as export subsidies, import and export restrictions, tariffs and customs regulations.

The Office also administers the agricultural portion of the foreign assistance programs (Point IV) under funds provided under the Mutual Security Act of 1951. This work involves (1) the direction of training programs for foreign agricultural leaders, and (2) the provision of scientific and technical services to cooperating countries to aid in management of agricultural stations, improve public service in agriculture, and conduct research projects.

On November 30, 1951, employment totaled 459, of which 123 were outside the continental United States. Of the total employment, 111 were chargeable to the Appropriation for Salaries and Expenses, and 348 to allocations from other agencies and accounts.

	Estimated, 1952	Budget Estimate, 1953
Appropriated funds	$615,000	$750,000

Salaries and Expenses

The Budget estimates propose the consolidation of the four current activities into two activities as follows: (1) International agricultural trade and policies, and (2) Foreign crops and livestock investigations. This proposal would simplify the project structure and the administrative functions of the Bureau and would in no way affect the nature or scope of the work being conducted. The following table compares the existing project structure for this work with that proposed in the 1953 Budget estimates:

Salaries and Expenses, Office of Foreign Agricultural Relations

Proposed Revision of Activity Schedule

(Based on Estimated Available, 1952)

PRESENT STRUCTURE		PROPOSED STRUCTURE	
Financial Project	Total Amount	International Agricultural Trade and Policies	Foreign Crops and Livestock Investigations
SALARIES AND EXPENSES:			
Foreign agricultural production and consumption and ite effect on United States Agriculture	$270,880		$270,880
Foreign financial and trade policies and practices affecting United States agricultural trade	158,320	$158,320	
Representation in international agricultural activities	135,080	135,080	
Contacts with United States officials abroad	50,720	50,720	
TOTAL	615,000	344,120	270,880

Salaries and Expenses

Appropriation Act, 1952	$575,000
Anticipated pay adjustment supplemental	40,000
Base for 1953	615,000
Budget Estimate, 1953	750,000
Increase	+135,000

SUMMARY OF INCREASES, 1953

To meet the demand for up-to-date information concerning agricultural conditions in foreign areas and to analyze the effect of trade barriers or other restrictions upon American agriculture	+70,880
To meet responsibilities brought about by the rapid growth of American interest in foreign agriculture and to analyze and report on commodity problems arising from the international situation	+64,120

PROJECT STATEMENT

Project	1951	1952 (estimated)	Increase or Decrease	1953 (estimated)
1. International agricultural trade and policies	$316,839	$344,120	(1)+70,880	$415,000
2. Foreign crops and livestock investigations	280,482	270,880	(2)+64,120	335,000
Unobligated balance	2,679	- -	- -	- -
Total pay adjustment costs	[- -]	[42,650]	[+11,798]	[54,448]
Total available or estimate	600,000	615,000	+135,000	750,000
Anticipated pay adjustment supplemental	- -	-40,000		
Total appropriation or estimate	600,000	575,000		

(1) An increase of $70,880 to meet demand for up-to-date information concerning agricultural conditions in foreign areas and to analyze the effect of trade barriers or other restrictions upon American agriculture.

Need for Increase: The unstable conditions in international affairs have created a considerable increase in the demand for intelligence and analyses regarding agricultural conditions, developments, and prospects in foreign countries. The Office has been unable to meet requests regarding these subjects which have a bearing upon (1) appraisals of general agricultural conditions in other countries, (2) the demand for and competition of foreign agricultural commodities with American farm products, and (3) possibilities of expanding production of critical agricultural commodities needed from abroad. Current work is not on a broad enough scale to provide for the collection of comprehensive data and for the intensive analysis of such material which is essential to enable the Office to answer these urgent

inquiries with competence and dispatch. Careful scrutiny of the accessible material and conscientious analysis of data regarding food and agriculture, as well as of general economic trends and policies, are urgently required. Such work alone can make possible the continuance and intensification of a badly needed service for American agriculture which continues to be interested in foreign markets and foreign competition. This service with respect to the situation in food and agriculture abroad is also required for the information of agencies charged with the conduct of general United States policy and the safeguarding of the country's military security, and to enable the Office to furnish adequate data and personnel for active participation in the field of international representation.

Specifically, increased work is needed in the following fields:

Western Europe - In order to enable the Department to effectively plan and carry out its activities, it is essential that the Office of Foreign Agricultural Relations keep up-to-date on the basic information on agricultural production and trade of this area. In addition, many of the Western European countries have colonies in Africa which are being developed to make these countries less dependent upon foreign trade and agricultural products. These developments must be followed to determine how they may affect the demand for American agricultural products.

Middle East - In view of the present state of unrest in this area, it is essential to follow conditions affecting agriculture in these countries much more closely than it has been possible to do in the past. Current information on government policies affecting land development, land tenure, and trade relations need to be developed. As the economy of these countries improve, critical appraisals are needed to see how the agricultural development increases competition with the American agricultural products.

Far East - This area is a principal supplier of many strategic materials such as rubber, coarse fibers, vegetable oils and many other speciality crops. It is important that the results of the Point IV Program which is developing rapidly be observed and appraised for the purpose of determining the most logical areas for expanding the production of strategic materials needed by the United States.

British Empire - Insufficient information has been developed for the areas which are our greatest customers and at the same time our greatest competitors. The Office has been unable to follow and analyze the agricultural activities in Central Africa to appraise the significance of economic developments there and the programs for expansion such as the British Peanut Scheme and the agricultural development of Rhodesia. It is essential that the Department obtain and analyze detailed information on the agricultural production and trade possibilities for African areas. The trade of the British Commonwealth countries, Canada, Southern Africa, Australia and New Zealand need to be studied and analyzed. With the increased activities under international agreements, such as the International Wheat Agreement and the Wool Study Group, considerably more time must be spent in following the agricultural activities in these areas and in conferences discussing world trade problems with representatives of those countries.

Latin America - Through the loan of attaches from the State Department and personnel from other agencies the Office has been able to meet only the bare minimum needs for economic information from this area. This Office should analyze the material sent in by the attaches and provide the necessary information to agencies depending upon Office of Foreign Agricultural Relations for economic information.

Trade Policy - The large volume of reports which under present conditions can only receive passing consideration contain material which could be of great value not only to members of the Department but to farmers. The Foreign Trade Policy Advisory Committee especially recommended wide dissemination of information relating to trade and financial policy developments in foreign countries. It is proposed to implement the Committee's recommendation by providing for analysis of the reports and disseminating information of value.

Plan of Work: The proposed increase would be used to intensify and extend the collection, analysis, and dissemination of information and data on agricultural, financial, and trade policies, in the areas described above by increasing the staff of regional analysts.

(2) An increase of $64,120 to meet responsibilities brought about by the rapid growth of American interest in foreign agriculture and to analyze and report on commodity problems arising from the international situation.

Need for Increase: In view of the uncertainties prevailing in international, political, and economic relations, many problems continue to arise with respect to major United States agricultural export commodities. Changes in international economic programs intensify the need for information on foreign market demands and the competition that arises from other countries, thereby affecting the agricultural trade position of the United States. Day to day developments as well as underlying trends must be carefully studied in order that no opportunities may be overlooked in safeguarding exports of cotton and grains, and other agricultural products. This increase is required to enable the Office to analyze and report upon the problems arising from the international situation.

Specifically, increases are needed in the following fields:

Grains - European livestock industry has practically returned to a prewar level. At that time coarse grain supplies came largely from the Danube Basin and the Argentine. In the last few years the United States has largely replaced other sources. The extent to which the United States may be called upon to supply large quantities of coarse grains to these countries needs to be determined so that the Department's production program may take full account of this potential market. The work on rice, the production of which has nearly doubled in recent years, should be intensified. Producers and millers follow the foreign situation closely and they need to be supplied with more information than is now possible.

Cotton and Other Fiber Crops - The short 1950-51 world cotton crop coupled with sustained demand for cotton drove foreign cotton prices to new record heights and undoubtedly stimulated production of competing fibers such as synthetic rayon, nylon, etc., and led to plans for further expansion. An

appraisal of this expansion must be made and reported to American producers as to what the probable effect will be on the world market for American cotton. Also additional information on supply and consumption needs to be developed on jute, abaca and sisal, which are important cost items in farm production.

Fats and Oils - Fragmentary reports from abroad indicate that soybeans are moving from China in considerable quantities and are an important source of exchange. The underlying facts of this movement, the ultimate destinations, means of financing, the goods exchanged, etc., to determine its full extent and permanency require study.

Livestock and Wool - With the intense consumer interest in meat, it is important that full information on foreign supplies be available in the Department of Agriculture. A study should be made of the changing livestock production and marketing pattern in Mexico resulting from the United States quarantine against foot-and-mouth disease, and an appraisal made of the probable extent to which the former movement of feeder cattle to the United States will be restored at such time as the quarantine is lifted.

Fruits and Vegetables - The United States is an important producer of certain field seeds, surpluses of which are exported in considerable quantities. Of other field seeds, the United States is an important consumer and importer. More attention needs to be given to these commodities as increased interest is shown by farmers in foreign varieties.

Plan of Work: It is planned to strengthen and intensify the analytical studies and distribute more complete and positive information on agricultural products to meet the specific needs outlined above.

CHANGE IN LANGUAGE

The estimates include a proposed change in the language of this item as follows (deleted matter enclosed in brackets):

> For necessary expenses for the Office of Foreign Agricultural Relations and for enabling the Secretary to coordinate and integrate activities of the Department in connection with foreign agricultural work, [including the purchase of one passenger motor vehicle for replacement only, $575,000] $750,000.

This change in language is for the purpose of deleting the authority provided in the 1952 Act for the replacement of one passenger motor vehicle. Since the automobile will be replaced in the fiscal year 1952 retention of the language is no longer necessary.

STATUS OF PROGRAM

Current Activities

Whatever the tide of world affairs, the Office finds itself at the center of almost every situation confronting domestic producers of agricultural commodities that enter international trade. Although the general nature of its more routine activities undergoes no great change, the emphasis and application of its work are necessarily adjusted frequently to meet the needs of the times.

Not more than two years ago the Office was primarily concerned with the impending surpluses of many of the exportable crops. Exportable surpluses and competitive conditions continue to be a concern in the case of tobacco, wheat and flour, rice, vegetable oils, lard, tallow, citrus fruits, apples, dried fruits, and of dried milk. By contrast, the problems of cotton and wool, feed grains, farm machinery, fertilizers, and insecticides are at present largely problems of an inadequate supply, and the extent to which available supplies can be shared with friendly nations associated with the United States in the defense effort.

Farmers are concerned also with the supplies of imported agricultural items that will be available, such as hard fiber products--in particular rope, binder and baler twine, and jute bags. At the same time American producers of tree nuts, some fruits and vegetables and cheese are disturbed by the competition of imports in domestic markets. The Office is requested constantly to assist in the discussions and negotiations by which solutions to these problems are sought, and to supply the information needed in the adjustment of production plans and marketing arrangements to changing conditions.

Information gathered through the various contacts of this Office, such as the agricultural attaches, is compiled, analyzed, published, and disseminated through Foreign Crops and Markets, issued weekly; Foreign Agriculture, issued monthly; Foreign Agriculture Circulars, issued currently; Foreign Agricultural Trade, issued monthly, and twice a year on a calendar-year and fiscal-year basis; Foreign Reports, which are final comprehensive reports of special studies; press releases; and personal contacts. The aim is to supply farmers and exporters of farm products with as up-to-date a picture of world developments as possible.

Examples of Recent Work

1. Reports were prepared in response to congressional requests for information on foreign subsidies and quotas, tariff changes, and international agreements of concern to agriculture. Advice and assistance to agencies concerned with the Point IV Program have been rendered on foreign agricultural subjects.

2. The principal products of United States agriculture affected by conditions abroad are wheat and rye, cotton, tobacco, fruits, vegetables and tree nuts, beef, pork lard and vegetable oils, cheese and dried milk, sugar, wool, and rice. Summary reviews of production, stocks, international trade and (in a few instances) of prices of these commodities, with supporting statistical data are regularly prepared and released. Because of their agricultural origin, the Office also reports on such tropical products as coffee, tea and cacao and on agricultural requisites such as jute, Manila hemp and sisal.

3. During the fiscal year 1952 as had been done in fiscal year 1950 and fiscal year 1951, officials of the Office continued to visit the foreign posts at which agricultural officers of the United States Foreign Service are located. These visits serve to help officers improve their work, strengthen relations between the Office and agricultural attaches, and generally increase appreciation abroad of the importance of exchanging agricultural information.

4. In response to special requests made by the State Department during the past year this Office furnished detailed information on the food production and food need of India and Yugoslavia. These data were brought together through special reports from the foreign offices and research on relief needs, and were used in connection with relief legislation for these two countries.

5. Staff members participated in various international conferences and discussions. These deliberations frequently require that extensive data be prepared for group consideration and for the guidance of this country's representatives. A few examples indicate the type and extent of this activity:

(a) Liaison services between the Food and Agriculture Organization of the United Nations and the Department of Agriculture have increased. FAO is conducting the largest single segment of the U.N. technical assistance program. It is recruiting many of its technicians in this country and sending an increasing number of young technicians from other countries to the United States for training. These activities require considerable assistance from this Office.

(b) The first two years' operation of the International Wheat Agreement required considerable time of Office representatives. Extensive knowledge of foreign conditions and advice on administrative details of operations contributed greatly toward making the Agreement workable.

(c) The two regular sessions of the Contracting Parties to the General Agreement on Tariffs and Trade, held in the fall of 1950 and of 1951, have also been attended by a member of OFAR representing the Department of Agriculture on the United States Delegation.

A member of this Office has served as United States representative on the United Nations Committee for International Commodity Arrangements, which has had two sessions and prepared two comprehensive reports in the past year.

Under the Reciprocal Trade Agreements Program a renegotiation of the Trade Agreement with Venezuela is in preparation, involving intensive trade and analysis work by regional specialists in OFAR, who, also, participated in the Interdepartmental Trade Agreement Committee's consideration of the policy problems involved. Negotiations with some other Latin American countries are likewise anticipated. In addition OFAR staff members participate continuously in seeking the solution of various trade restriction problems encountered by United States agricultural producers and exporters in foreign markets.

(d) The Office participated in American Foreign Service Conferences in Europe, the Far East, and the Middle East in the interest of American agriculture.

(e) An Office representative serves as General Secretary of the International Cotton Advisory Committee, and participated actively in the conduct of the Ninth Plenary Meeting. United States agriculture is vitally interested in the solution of cotton problems, as it produces nearly one-helf of the world's supply. A member of the staff of the Office serves also as Secretary of the Cotton-Cotton Linters Committee of the International Materials Conference.

(f) The Office was represented on the Wool Committee of the Internationsl Materials Conference and supplied much of the data and analysis used by the U.S. delegation. The United States, as a heavy wool importer, must keep abreast of the world conditions in the commodity.

(g) OFAR furnishes from its staff committee members on many other Interdepartmental Committees, examples of which are:

Food Committees:

Interagency Food Committee and its Subcommittees:
Cotton Allocations, Grain Program, Fats and Oils,
Fruits, Vegetables, Sugar, Beans and Peas.
U.S.-FAO Interagency Committee

International Relations:

1. National Advisory Council on International Financial and Trade Policies (NAC)

2. Interdepartmental Committee on Trade Agreements

3. Committee on Reciprocity Information

4. United Nations Economic Subcommittee of the Executive Committee on Economic Foreign Policy (UNEC) (State)

5. Office of Defense Mobilization of Foreign Supplies and Requirements Committee

6. Collective Measures Committee

Members of the staff of the Office also serve on the Foreign Trade Advisory Committee of the Bureau of the Census, the Interdepartmental Advisory Council, the USDA Land-Grant College Committee for Cooperations with Foreign Areas, and the National Research Council.

Foreign Service:

1. Board of Examiners for the Foreign Service
To provide for and supervise the conduct of such examinations as may be given to candidates for appointment as Foreign Service Officers.

2. Board of Foreign Service
 To make recommendations to the Secretary of State concerning the functions, policies, duties, and management of Foreign Service Officers. This includes such subcommittees as Appointments and Assignments Board, Staff Board of the Board of Foreign Service and Committee on Foreign Reporting Services.

International Organizations on which the United States representation includes staff members of the Office are:

FAO Committees:

1. The FAO Long-Term Working Party
2. FAO Commodity Committee

International Commodity Committees:

1. Interagency Wheat Agreement Committee
2. International Cotton Advisory Committee
3. Interagency Sugar Agreement Committee
4. Interagency Wool Committee
5. International Rubber Advisory Committee

International Materials Conference:

1. Cotton-Cotton Linters Committee
2. Wool Committee.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

Item	Obligations 1951	Estimated obligations 1952	Estimated obligations, 1953
Agricultural Marketing Act (RMA-Title II), (Office of Foreign Agricultural Relations):			
For developing foreign outlets for United States agricultural products and study of foreign competition with such products ...	$154,586	$105,900	$145,900
For appraisal of factors and trends in world demand for United States agricultural products	35,099	21,500	21,500
Total.....	189,685	127,400	167,400
Removal of Surplus Agricultural Commodities, (Office of Foreign Agricultural Relations):			
For obtaining information on foreign market developments, and other data related to the international aspects of the work under Section 32 of the Act of August 24, 1935..	51,419	50,985	65,000
Salaries and Expenses, Defense Production Activities, Agriculture, (Office of Foreign Agricultural Relations):			
To provide information on foreign agricultural production, supplies, and requirements in relation to the defense mobilization program	72,150	108,400	- -
Working Funds, Agriculture, General (Office of Foreign Agricultural Relations)			
Advanced from:			
Department of State:			
For training of German leaders in the fields of Farm Youth Club Organization and Leadership	142,091	7,500	- -
Department of Defense, Department of the Army:			
For training of foreign nationals in the general field of agriculture	38,740	25,534	- -
Total	180,831	33,034	- -

(Continued on Next Page)

Item	Obligations 1951	Estimated obligations, 1952	Estimated obligations, 1953
Obligations under reimbursement from Governmental and other agencies:			
Salaries and expenses	102,123	104,400	107,500
Other	1,861	- -	- -
Total	103,984	104,400	107,500
Advances for Study Tour, Fighting Forest Fires (Allotment to Agriculture) (Office of Foreign Agricultural Relations), (advanced from the Food and Agriculture Organization, United Nations):			
For providing a forest fire fighting training course to forestry officials of 26 other countries	- -	33,000	- -
Mutual Security (Allotment to Agriculture):			
For expenses incident to foreign trainee program	1,572,113	528,639	- -
For preparing statistical information on agricultural conditions and food balances in countries participating in European Recovery Program	44,358	60,000	- -
For economic and technical assistance to friendly nations	1,487,153	3,416,466	- -
Total	3,103,624	a/4,005,105	- -
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS	3,701,693	4,462,324	339,900

a/ Estimated on the basis of allocations through December 31, 1951.

OFFICE OF INFORMATION

Purpose Statement

The Office of Information was established under its present name in 1925 as a consolidation of functions formally organized as early as 1889, to coordinate in the Department the dissemination of information useful to agriculture as directed by the Act establishing the Department of Agriculture in 1862.

The Office has general direction and supervision of all publications and other information policies and activities of the Department, including the editorial work, illustrating, printing and distribution of publications, clearance and release of press, radio and magazine materials, and the preparation and distribution of exhibits and motion pictures. The Office publishes the Yearbook of Agriculture, the annual report of the Secretary of Agriculture, the Department Directory, the Department List of Publications; handles all the details of distributing farmers bulletins allotted to Members of Congress; and services letter and telephone requests for general information received in the Department. It also produces motion pictures for department agencies on funds transferred for this purpose and for other government agencies under usual reimbursement arrangements.

Regular employment as of November 30, 1951 totaled 196. The Office has no field employees, except part-time or day workers for seasonal use in displaying exhibits at State fairs and similar agricultural activities.

	Estimated, 1952	Budget Estimate, 1953
Appropriated funds	$1,263,268	$1,259,000

Salaries and Expenses

Appropriation Act, 1952		$1,215,268
Anticipated pay adjustment supplemental		+48,000
Transfer in 1952 from "Administrative expenses, Commodity Credit Corporation"		+15,989
Base for 1953		1,279,257
Budget Estimate, 1953:		
Direct appropriation	$1,259,000	
Transfer from "Administrative expenses, Commodity Credit Corporation"	16,014	1,275,014
Decrease (partial absorption of pay adjustment costs)		-4,243

PROJECT STATEMENT

Project	1951	1952 (estimated)	Decrease (pay adjustment absorption)	1953 (estimated)
1. General administration of Office of Information and of informational work	$33,870	$30,060	-$211	$29,849
2. Business service, including communications and records	58,676	57,548	-409	57,139
3. Publications preparation, distribution and control	577,563	564,734	-1,606	563,128
4. Preparation and distribution of special reports and current information	365,317	364,943	-262	364,681
5. Preparation and distribution of agricultural information by exhibits	104,120	103,370	-635	102,735
6. Preparation and distribution of agricultural information by radio	32,241	34,301	-213	34,088
7. Preparation and distribution of agricultural information to the press	46,796	50,158	-275	49,883
8. Preparation and distribution of agricultural information by motion pictures	51,971	74,143	-632	73,511
Subtotal	1,270,554	1,279,257	-4,243	1,275,014
Unobligated balance	16,146	- -	- -	- -
Total pay adjustment costs	[- -]	[50,285]	[-313]	[49,972]
Total available	1,286,700	1,279,257	-4,243	1,275,014

(Continued on next page)

Project	1951	1952 (estimated)	Decrease (pay adjustment absorption)	1953 (estimated)
Transfer from "Administrative Expenses, Commodity Credit Corporation"	-$16,200	-$15,989	+$25	-$16,014
Subtotal	1,270,500	1,263,268	-4,268	1,259,000
Transfer in 1952 estimates from other Department agencies for motion picture distribution	-19,000	- -		
Reduction pursuant to Sec. 1214	+14,300	- -		
Anticipated pay adjustment supplemental	- -	-48,000		
Total appropriation or estimate	1,265,800	1,215,268		

STATUS OF PROGRAM

Current Activities: The primary functions of the Office of Information are (1) overall coordination of all information work in the Department and (2) final editing and clearance of all publications and releases of information to the public. The Office provides a service to the Department and its constituent agencies designed to assist farmers, organizations and institutions interested in agriculture, and the public at large to obtain useful knowledge pertaining to the nation's agriculture, by providing factual information on results of agricultural research work, trends in agricultural production, prices, and consumption, the scope of agricultural programs and policies, and similar information. This work involves:

1. Editing and final preparation of manuscripts for publication, and procurement of necessary printing;

2. Distribution of publications through established channels and the filling of requests for publications and general information;

3. Preparation and shipping of exhibits for showing at State fairs and other expositions;

4. Production of agricultural films and their distribution to State depositories for use by Department of Agriculture field workers and extension agents;

5. Final clearance and distribution of reports and releases to the general press, and to the agricultural scientific and trade press;

6. Preparation of radio information for broadcast and service to radio farm program directors and extension agents;

7. Compilation and editing of the Agriculture Yearbook and the Annual Report of the Secretary of Agriculture; and

8. Preparing and assisting in the preparation of information requested by publishers of national magazines, encyclopedias, annuals, etc., on departmental programs, organization, or operation.

Examples of services rendered:

The Office has taken all possible steps to gear all information activities to facilitate the defense mobilization program of the Department. Each activity has been thoroughly reviewed in order to redirect work where possible to

contribute the maximum to the mobilization effort. For example, publications have been reviewed to determine bulletins useful for defense; motion pictures and exhibits are currently being reviewed for the same purpose, and special emphasis is given to paper conservation in printing management.

Publications edited in 1951, in addition to editorial work on the 1950-51 Yearbook, totalled 747 compared with 896 in 1950. The decrease of 149 was principally in reprints of farmers' bulletins and was due to the rise in printing costs and to the use of a portion of the bulletin reprint funds to meet the increased cost of printing the Yearbook.

Requests for publications, general information and mailing list service decreased in 1951 compared with the 1950 figure as shown below. As a result, it was possible to devote more effort to revisions of mailing lists which had been previously delayed, and to securing and distributing informational releases for Department agencies working directly on new defense activities. The volume of requests, excluding the large number of inquiries for press, radio, exhibits, and motion picture information, follows for several recent years:

Fiscal Year	Congressional Requests	Total Requests
1947	257,718	995,012
1948	360,959	1,050,226
1949	328,101	1,047,513
1950	485,380	1,199,771
1951	241,191	853,933

Total stocks of publications decreased slightly from 14,821,985 in 1950 to 14,590,678 on July 1, 1951. Stocks of farmers bulletins and leaflets increased from 5,646,000 in 1950 to 6,859,000 July 1, 1951. The increase was due mainly to fewer requests from Members of Congress during the 1951 fiscal year.

In printing management, difficulty in securing printing and delivery schedules continues to be a major problem. This results mainly from delays in placing firm contract orders for printing on satisfactory schedules, and from the decrease in the availability of fast commercial offset printing facilities. Workload in relation to the number of printing technicians assigned to printing indicates a continued high production rate for the difficult tasks of meeting scheduled deadlines necessary for program requirements.

Fiscal Year	Number of Orders	Orders Per Technician
1948	4053	1013
1949	4635	1326
1950	4488	1496
1951	4043	1470

Recorded savings in 1951 for printing jobs amounted to $58,975 but, as in previous years, many more thousands of dollars in unrecorded savings were made for Department agencies through changes in format and paper stock, improved job specifications, reduction or elimination of color printing, and extension of some delivery schedules. A small workload increase was occasioned by a closer review of Department printing plant reports to the Joint Committee on Printing, and a more critical review of requests for purchase of equipment for such plants.

Agriculture Yearbook, 1952. All the manuscript and illustrations for this Yearbook, much of the work for which was done in the fiscal year 1951, are planned for printing near the end of the 1952 fiscal year. Time of publication will be chiefly dependent on the printing schedule for colored illustrations, but is estimated for the last quarter of the calendar year 1952.

Exhibits Service: During the fiscal year 1951, eight new large exhibits were constructed and these were incorporated in existing exhibition groups. In addition, three existing exhibit units were extensively revised and rebuilt and all exhibits were reviewed, revised or reconditioned as required for use during the present fiscal year.

Eleven medium size single-exhibits were also produced in 1951, in cooperation with Department agencies. These exhibits were largely financed by the various agencies of the Department, but are available for use at small fairs, meetings, etc.

For the 1951 fair season 20 full-sized carload exhibit showings were scheduled for showing at large fairs. In addition at smaller fairs, 15 partial carload exhibit showings were made during the year. It is estimated that 8,500,000 saw these exhibits. In the 1951 fiscal year, 23 large exhibits and 18 smaller exhibit showings were made to an estimated total audience of 9,767,000 people.

The Motion Picture Service continues to provide film services to Department agencies and cooperating state film depositories. These services include analyses and reporting on film distribution, reviewing and screening agriculture films for possible use in connection with agency programs, and advising with cooperating agencies on program subject matter which would be most usable in the form of motion pictures. These services

also include answering a large number of requests for information on availability of Department films and for location of films on general or specific agriculture subjects. Numerous requests are received from private concerns for suggestions on suitable films relating to agriculture for private production.

The volume of motion picture production and processing operations for recent years was as follows:

Fiscal Year	Work for Department Agencies	Work for Other Agencies	Total
1949	$149,063	$236,370	$385,433
1950	145,906	254,119	400,025
1951	139,375	440,499	579,874

Production of films and partial films in 1951 total 109 reels, compared with a total of 65 reels in 1950. In detail the 1951 production was as follows:

	Complete Films	Partial Releases	TV Shorts	Total Number Reels
Department Agencies	5	8	7	24
Other Government Departments	8	32	14	78
Cooperating State Agencies	0	3	0	7
Totals	13	43	21	109

The Press Service is continuing to receive the usual volume of current information and release requests which total over 50,000 per year. A total of 3,120 releases and reports were handled in 1951 through the regular process of review and editing, schedule for release and distribution, preparation of stencils for reproduction of copies for press, and agency and mail distribution. This also involved servicing many daily office calls for copies of releases and reports. The combined distribution of the Daily and Weekly Press Summary totaled 3,800 at the end of the 1951 fiscal year, compared with 4,524 in 1950 and 3,850 in 1949. The Weekly Clip Sheet service to science press and science writers has been discontinued, and the weekly letter to farm paper editors changed from a weekly to a bi-weekly basis.

Radio and Television Services continue at current levels in network broadcasting but services to radio farm program directors and to extension services have been reduced by approximately one-fourth. Many requests for cooperation in use of agriculture information on television cannot be filled. These requests have been received from Land-grant colleges and extension services, television networks and single stations.

Network activities included preparation of Department program materials and the use of 1,000 minutes of network time for broadcast of agricultural information to farm homes on NBC Farm and Home Hour, ABC American Farmer, and CBS Farm News programs. Materials were prepared for 95 single programs on networks.

For single stations the weekly Agricultural information letter was prepared and distributed on request to radio farm directors, State extension editors, and county agents. These letters were for the purpose of furnishing background information for use on broadcasts and for planning local radio programs on agricultural developments to serve rural families. These have been changed from weekly to bi-weekly issues for the fiscal year 1952.

A total of 220 radio "Farm Flashes" were distributed through State extension editors for local adaptation and use by some 700 single radio stations. This, one of the oldest and more effective services among Department information activities, is being curtailed in 1952.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

Item	Obligations, 1951	Estimated obligations, 1952	Estimated obligations, 1953
Agricultural Marketing Act (RMA - Title II), Agriculture (Office of Information):			
For coordination of informational activities	$65,837	$25,800	$25,800
Working Fund, Agriculture, Office of Information, Advanced from:			
Department of the Air Force: for preparation and distribution of motion pictures	224,954	50,786	- -
Department of the Army, for: preparation and distribution of exhibits	- -	- -	- -
Department of Labor, for preparation and distribution of motion pictures	- -	12,000	- -
Department of State, for preparation and distribution of motion pictures	15,000	- -	- -
Veterans Administration, for preparation and distribution of motion pictures	125,866	84,765	-
Total, Working Fund	365,820	147,555	- -
Miscellaneous Contributed Funds:			
Department of Agriculture, (Office of Information) (Trust Fund):			
Trust funds deposited by cooperators for:			
Preparation and distribution of exhibits	3,996	3,646	5,500
Preparation and distribution of motion pictures	5,676	6,354	14,990
Total	9,672	10,000	20,490

(Continued on next page)

Item	Obligations, 1951	Estimated obligations, 1952	Estimated obligations, 1953
Salaries and Expenses, Defense Production Activities, Agriculture (Office of Information). For planning effective use of information materials in a program of defense preparation	9,297	47,370	--
Mutual Security (Allotment to Agriculture), (Office of Information): For motion picture production	40,000	24,000	--
Obligations under reimbursements from Governmental and other agencies: For photographic reproductions and motion picture services	204,330	--	--
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS	694,956	255,225	46,290

LIBRARY

Purpose Statement

Function: The Library, pursuant to the Department's Organic Act of 1862, and under delegation from the Secretary, "procures and preserves all information concerning agriculture which can be obtained by means of books....". By law and by cooperative arrangement with the Library of Congress, the Department of Agriculture Library also serves as the National Agricultural Library.

Activities: The Library makes available to the research workers of the Department and the State agricultural colleges, as well as to the general public, the agricultural knowledge of the world that is contained in published literature. This reduces duplication of effort and wasted time by enabling scientists and administrators to know prior to the initiation of a project what has been done previously in that field. In pursuance of the Organic Act, the Library collects current and historical published material and organizes it for maximum service to the Department and to the public through reference services, loans of publications, bibliographical services, and photo-reproductions of library materials. It issues a monthly Bibliography of Agriculture in which is listed the agricultural literature of the world.

Organization: The Library serves as a staff office of the Secretary and in addition has operating responsibilities in the field of library and bibliographical services. There are six field branches with general collections serving the Department staff in designated geographical areas and seven specialized field branches serving major field research installations of the Department.

On November 30, 1951, the Library had 172 employees of whom 143 were in Washington and 29 in the field.

	Estimated, 1952	Budget Estimate, 1953
Appropriated funds	$ 687,237	$ 682,000

Salaries and Expenses

Appropriation Act, 1952	$641,237
Anticipated pay adjustment supplemental	46,000
Base for 1953	687,237
Budget Estimate, 1953	682,000
Decrease (partial absorption of pay adjustment costs)	-5,237

PROJECT STATEMENT

Project	1951	1952 (estimated)	Decrease (pay adjustment absorption)	1953 (estimated)
1. General agricultural library services	$554,979	$541,585	-$3,497	$538,088
2. Specialized services to research	146,235	145,652	- 1,740	143,912
Unobligated balance	1,379	- -	- -	- -
Total pay adjustment costs	- -	[49,770]	[+4,210]	[53,980]
Total available or estimate	702,593	687,237	- 5,237	682,000
Reduction pursuant to Sec. 1214	+ 10,700	- -		
Anticipated pay adjustment supplemental	- -	-46,000		
Total appropriation or estimate	713,293	641,237		

STATUS OF PROGRAM

General: The Library provides centralized reference and bibliographical services for agencies of the Department through the main library in Washington and 12 branch locations in the field. It serves also as the National Agriculture Library. By agreement with the Library of Congress, rendering extensive services to other agencies of the Government and the public. The book collection approximates 790,000 volumes.

Typical Current Activities: The following are typical of the major lines of work of the Library:

1. Acquisition of foreign and domestic publications in the field of agriculture through purchase from commercial sources, gifts, exchange agreements with different countries, and cooperative acquisition projects with the Library of Congress and with research libraries.

2. Preparation of agricultural bibliographies with an increasing coverage of the world's agricultural literature.

3. Providing reference and circulation services to patrons of the Library, including in addition to Department personnel, farmers, private research corporations, colleges and universities, etc., through answering reference questions verbally or by telephone and mail, furnishing desired publications on loan, verifying references, and maintaining the collection.

4. Facilitating the execution of the Department's programs by making available published material to the man-on-the-job, wherever he may be stationed, through the field branches, serving as outlets for the main Library and reservoirs of information near to the field workers. Through these library services provided to field staff, the stocking of large number of relatively little used books in field offices is unnecessary.

Selected Examples of Recent Progress:

1. Status of Acquisition Program: The Department of Agriculture Library is the one place in the nation where all of the more important agricultural publications are available. Therefore, a continuing intensive acquisition program must be carried on to provide the major agricultural publications required by the Department's workers, collaborators, farmers, industrial users, and the public generally. Progress was made during the past year in strenghtening the foreign acquisitions through cooperation of publication officers in the State Department. However, the collection still lacks a large amount of essential agricultural information published in foreign countries, and increased costs of publications has reduced the number that can be purchased. Also the gift and exchange program was necessarily reduced in 1951 below the 1950 level.

Below is a tabulation of major acquisition statistics for the past six years.

Year	Obligations for Publications	Number of publications received from all sources (gift, exchanges and purchases) Volumes Added to Collection	Number of Periodical Issues Received	Retained
1946	$ 42,929	46,253	722,100	281,484
1947	49,635	31,766	867,787	399,627
1948	44,652	33,763	744,757	285,836
1949	39,178	34,176	626,117	263,653
1950	45,742	42,215	552,137 a/	275,215
1951	53,342	28,921 b/	498,013	268,655

a/ The reduction in 1949 and 1950 from prior years resulted primarily in the change in acquisition policy of Department of Agriculture publications. Formerly four copies of all Department publications were recorded. Since April, 1948 only two copies have been recorded.

b/ A portion of the 1951 reduction is due to the change in policy on counting working tools of the Department agencies. Working tools of the several bureaus and agencies are no longer currently counted in Library accessions.

2. The monthly Bibliography of Agriculture contained 3.17 per cent fewer items than in 1950, however, it did remain higher than previous years. The January, 1951 issue was the first issue to contain more than 10,000 items. There was an increase in the number of copies distributed during this year. Beginning with Volume 15, January, 1951, subject index references to non-English material are being marked to differentiate them from references to material in the English language. This will be an aid to the users of the Bibliography.

The number of agricultural items listed in the Bibliography of Agriculture for the past six years are indicated below:

Year	Number of Reference Items
1946	56,966
1947	67,235
1948	84,229
1949	82,269
1950	89,060
1951	85,790

3. There were 33 bibliographies prepared on specialized subjects. During 1951, 25 bibliographies were prepared in the Washington library, the same number as in 1950. The Bibliographical Bulletin, Number 15, "Marketing Meat and Livestock" was completed in cooperation with the Bureau of Agricultural Economics. The index to the Literature of American Economics Entomology was partially completed.

4. The Photocopying section completed 44,359 separate orders consisting of 547,275 pages of microfilm and photoprint. Of this amount, 4,074 orders totaling 91,004 pages, were provided free of charge to the Department's agencies. For the remaining orders $39,322 was received in reimbursement of the cost of production.

5. The total number of publications loaned and the number of reference questions answered were below the 1950 level. The number of publications loaned decreased by 1.7 percent. The reference questions answered decreased by 11.1 percent. Only minimum service could be rendered on each request.

Below is a tabulation of the volume of publications circulated, loaned, and photocopying service rendered and reference questions answered for 1950 and 1951.

	1950	1951	Percent of Increase or Decrease
Volume of Circulations-Loans-Photocopying			
Washington	521,173	482,320	- 7.5
Field	893,885	914,843	+ 2.3
	1,415,058	1,397,163	- 1.3
Reproductions	51,488	44,359	- 13.8
	1,466,546	1,441,522	- 1.7
Reference Questions Answered			
Washington	154,064	130,083	- 15.5
Field	49,070	50,351	+ 3.0
	203,134	180,434	- 11.1

6. A waiver was again issued by the Public Printer permitting the binding work to be performed under contract to commercial binders. Under this authorization a total of 10,724 volumes were bound. Even though the number of volumes bound during the year increased over the number bound in 1950, there were an additional 8,000 volumes of current publications added to an already burdensome backlog of approximately 156,000 volumes.

PRINCIPAL OVERALL VOLUME OF WORK STATISTICS

Actual Fiscal Years 1947-1951
Estimated 1952-1953

	ACTUAL					ESTIMATED	
	1947	1948	1949	1950	1951	1952	1953
Titles catalogued	9,860	14,710	13,347	12,252	11,191	12,000	12,000
New cards added to library catalog	82,954	100,740	91,767	90,823	66,117	75,000	75,000
* Loans of books or periodicals and reproductions supplied	1,110,168	1,426,021	1,465,055	1,466,546	1,441,522	1,440,000	1,440,000
Serial publications entered	339,627	283,836	263,653	275,215	268,655	270,000	270,000
Items indexed in Bibliograph of Agriculture	67,235	84,229	82,269	89,060	85,790	85,000	85,000
Reference questions answered	202,373	186,717	202,246	203,134	180,434	180,000	180,000
Volumes bound	3,453	11,404	13,400	8,179	10,724	12,000	12,000
Obligations for books, periodicals, newspapers, and other publications	$ 49,635	$ 44,652	$ 39,178	$ 45,742	$ 53,342	$ 45,000	$ 45,000

* Statistics for 1947-1948 adjusted for comparability to definitions adopted in 1949.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

Item	Obligations,	Estimated obligations, 1952	Estimated obligations, 1953
Working Fund, Agriculture, Library			
Advanced from:			
Bureau of Entomology and Plant Quarantine, Agriculture:			
For special bibliographical services on bee culture ...	$3,540	$3,985	- -
Atomic Energy Commission:			
For modification of rapid selector machine	8,694	- -	- -
Economic Cooperation Administration:			
For library and bibliographical services	33,456	38,950	- -
For screening and procurement of technical books and literature	16,654	15,000	- -
Total, Working Funds	62,344	57,935	- -
Mutual Security (Allotment to Agriculture) (Library):			
To provide facilities for the exchange with other countries of books and other technical literature in the field of agriculture	533	12,440	- -
Obligations Under Reimbursements from Governmental and Other Agencies:			
For sales of bibliographies and photographic reproductions ..	104,456	96,900	$57,000
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS	167,333	167,275	57,000

COMMODITY CREDIT CORPORATION

Purpose Statement

Origin.--The Commodity Credit Corporation was organized October 17, 1933, under the laws of the State of Delaware, as an agency of the United States. From October 17, 1933, to July 1, 1939, the Corporation was managed and operated in close affiliation with the Reconstruction Finance Corporation. On July 1, 1939, it was transferred to the Department of Agriculture by the President's Reorganization Plan I. Under the Commodity Credit Corporation Charter Act of June 29, 1948 (Public Law 806, 80th Congress), effective July 1, 1948, it was established as an agency and instrumentality of the United States under a permanent Federal charter. The charter was amended by Public Law 85, Eighty-first Congress, approved June 7, 1949.

Management.--The Commodity Credit Corporation is managed by a board of directors, subject to the general supervision and direction of the Secretary of Agriculture, who is an ex-officio director and chairman of the board. The board consists of six members (in addition to the Secretary of Agriculture), who are appointed by the President of the United States by and with the advice and consent of the Senate.

In addition to the board of directors, the Corporation has an advisory board whose five members are appointed by the President of the United States. Not more than three of the members may belong to the same political party. The advisory board meets at least every 90 days to survey the general policies of the Corporation.

PROGRAMS OF THE CORPORATION ARE:

Price support.--Under price support programs, prices of agricultural commodities are stabilized for the purpose of protecting farm income. Price support is required for (a) basic commodities (cotton, corn, wheat, tobacco, rice, and peanuts) and (b) designated nonbasic commodities (wool, mohair, tung nuts, honey, milk, butterfat, and the products of milk and butterfat but not for Irish potatoes after the 1950 crop unless marketing quotas, for which no authority now exists, are in effect). Price support for nonbasic agricultural commodities, other than the designated commodities, is not mandatory but is authorized under legally prescribed conditions.

Supply and foreign purchase.--Agricultural products are procured both domestically and in foreign markets, to meet the needs of United States Government agencies (principally those administering relief programs abroad), cash-paying foreign governments, international relief agencies, and domestic requirements. The production or stockpiling of agricultural commodities under Sections 302 and 303 of the Defense Production Act of 1950 is also carried out under this program. Procurement for supply purposes is made during peak marketing seasons and is closely coordinated with the price support program to provide the maximum benefit to American agriculture. The Corporation is fully reimbursed for services performed, losses sustained, and operating costs incurred for commodities purchased or delivered to or on behalf of any other Government agency. Supply and foreign purchase program participants are usually required to advance funds in an amount to equal the estimated costs of the commodities to be procured.

Storage facilities.--Under this program, (1) granaries and equipment for care and storage of Commodity Credit Corporation owned and controlled grain are purchased and maintained; (2) loans for the construction or expansion of farm storage facilities are made; (3) storage use guaranties to encourage the construction of commercial storage facilities are provided; and (4) such other operations as are necessary to provide storage adequate to carry out effectively and efficiently the Corporation's programs are undertaken.

Commodity export.--Under this program, the Corporation exports, causes to be exported, or aids in the development of export markets for agricultural commodities and products.

The Corporation may, with the consent of the agency concerned, utilize facilities of any other agency of the Federal Government. The Corporation under this authority, makes extensive use of the personnel and facilities of the Production and Marketing Administration in carrying out Corporation activities.

Price support and storage facilities activities are financed from the capital funds of the Corporation, which are derived from its authorized capital stock of $100,000,000 and its authority to borrow $6,750,000,000 on the credit of the United States. The bulk of the fund requirements result from loans, the purchase of commodities, carrying charges and related expenditures in connection with commodities owned by the Corporation, direct losses, and interest charges. Offsetting these outlays are receipts from sales of commodities and interest income.

	Estimated, 1952	Budget Estimate, 1953
Administrative expense limitation	$17,580,000	$17,876,000

COMMODITY CREDIT CORPORATION

Introduction

The Commodity Credit Corporation engages in buying, selling, lending and other activities with respect to agricultural commodities, their products, foods, feeds, and fibers for the purpose of stabilizing, supporting and protecting farm income and prices, assisting in the maintenance of balanced and adequate supplies of such commodities, and facilitating their orderly distribution. The Corporation also makes available materials and facilities required in connection with the production and marketing of such commodities. The Corporation operates under the provisions of the Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress, approved June 2, 1948), as amended (Public Law 85, 81st Congress, approved June 7, 1949).

The Congress established policies under which the Corporation will carry out its price support program during the fiscal year 1953 in the Agricultural Act of 1949 (supplemented by Public Law 163, 79th Congress, approved July 28, 1945 with respect to tobacco, and Public Law 471, 81st Congress, approved March 31, 1950 with respect to peanuts and Irish potatoes).

The management of the Corporation is vested in the Board of Directors, consisting of six members in addition to the Secretary of Agriculture. The Secretary is an ex officio member and serves as Chairman of the Board. In addition, the Corporation has a bipartisan board of five members appointed by the President to survey the general policies of the Corporation.

The Corporation has an authorized capital stock of $100,000,000 and authority to borrow up to $6,750,000,000. The budgetary authorization schedules in the Budget reflect an estimated net increase in obligations against the borrowing authority of $268,062,316 and $316,240,532 during fiscal years 1952 and 1953, respectively. Net expenditures against the authorization are estimated at $208,162,507 and $254,240,532 during the fiscal years 1952 and 1953, respectively.

Basic Assumptions

Since financial demands on the Corporation are determined largely by unpredictable factors, such as weather conditions and the level of economic activities, it is necessary to make basic assumptions concerning these factors in order to estimate financial requirements. The basic assumptions used in preparing the 1953 budget are as follows:

1. National income and industrial activity will continue their upward trends in the fiscal years 1952 and 1953.

2. Agricultural production will continue at a high level in the fiscal year 1953.

3. Domestic demand for agricultural products will continue its upward trend due in part to normal population growth.

Program Operations

The budget of the Corporation for the fiscal year 1953 is based on five types of programs carried out under its charter and other statutory authority. These programs are:

1. Price support program. -- Through loans on or purchase of agricultural commodities, and other operations, stabilizes the farm price of agricultural commodities by assuring farmers a minimum price or by removing and disposing of burdensome surpluses.

2. Supply and foreign purchase program. -- Procures foods, agricultural commodities and products thereof, and related materials to supply requirements of United States Government agencies, foreign governments, and relief and foreign-aid programs. Stockpiles and encourages the production of agricultural commodities necessary for national defense.

3. Storage facilities program. -- Through purchase and maintenance, loans, storage use guarantees and such other operations as may be necessary, the Corporation provides and encourages the increase in storage capacity necessary to carry out the Corporation's programs efficiently and effectively.

4. Loan to Secretary of Agriculture for agricultural conservation programs. -- Under provisions of the Agricultural Adjustment Act of 1938, as amended, the Corporation loans to the Secretary of Agriculture each fiscal year such sums, not to exceed $50,000,000, as the Secretary estimates will be required to make advances of conservation materials for the agricultural-conservation program. These loans are repaid, with interest, from funds appropriated to carry out sections 7 to 17 of the Soil Conservation and Domestic Allotment Act.

5. Commodity export program. -- Exports or causes to be exported, and aids in the development of export markets for agricultural commodities and products thereof for the purpose of retaining and expanding foreign markets for products produced in the United States, and of aiding in the disposal of commodities in excess of domestic needs.

Administrative Expenses

Administrative expenses cover the costs of the general supervisory and operating staff engaged in carrying out the programs of the Corporation. Estimated costs of the audit of the Corporation's accounts by the General Accounting Office and rental costs for the proportionate share of the office space in Government-owned buildings occupied by personnel of the Production and Marketing Administration, based on services performed for the Corporation, are included as administrative expenses. Not included

in this category, however, are necessary expenses (including special services performed on a contract or fee basis, but excluding other personal services) in connection with the acquisition, operation, maintenance, improvement, or disposition of any real or personal property belonging to the Corporation or in which it has an interest. Such expenses are treated as nonadministrative as provided in the language carried annually in the appropriation act making corporate funds available for administrative expenses. The language proposed in the budget for the fiscal year 1953 authorizing expenditures for administrative expenses of the Corporation contemplates that the Corporation will, consistent with its established practice, treat as nonadministrative expense all expenses of the types which have been so treated during the 1950, 1951, and 1952 fiscal years. It is also contemplated that administrative expenses will be accounted for on an obligation basis as has been the case in the current and prior years.

Administrative services are performed for the Corporation by the employees of the Production and Marketing Administration, and the Corporation assumes its equitable share of the costs of Production and Marketing Administration personnel and other expenses. In addition, the Corporation utilizes the services of other agencies when it is advantageous to do so. The requested administrative expense authorization does not include any amount for administrative expenses incurred in connection with the supply and foreign purchase program, under which the Corporation procures agricultural commodities for sale to other Government agencies, foreign governments, domestic, foreign, or international relief or rehabilitation agencies, and to meet domestic requirements. The budget for the fiscal year 1953 contemplates that the Corporation will be fully reimbursed for administrative expenses incurred in connection with this program. Such reimbursements, which are generally obtained through a mark-up on invoices evidencing sales under this program, are credited on the books of the Corporation to an income account which, in turn, is charged with all of the administrative expenses incurred in connection with this program. Balances remaining in this account at the end of any fiscal year are used in succeeding fiscal years to defray administrative expenses incurred in connection with this program, including, of course, the expense of liquidating all phases of this program. The mark-up is established at a rate which is so determined and applied as to provide full reimbursement on an over-all basis for all administrative expenses in connection with the supply and foreign purchase program and takes into account the fact that with respect to particular commodities, sales, or operations the mark-up may be more or less than the exact administrative expenses incurred. The rate of mark-up is adjusted from time to time as conditions warrant.

Program Summaries

The following summaries cover the various operations which the Corporation anticipates will be required during the fiscal year 1953. Each operation is a part of one of the five types of programs previously mentioned. It should be noted that any variations from the conditions assumed may result in changes in the volume and character of the Corporation's operations, thereby necessitating changes in the program and administrative expense estimates.

PRICE SUPPORT PROGRAM, Basic Commodities

Corn

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1951-crop corn at 90 percent of parity in order to encourage increased production of feed grains, and hence of livestock.

Eligibility: Eligible commodity is ear or shelled corn produced in 1951 and must grade No. 3 or better, or No. 4 on test weight only, and must meet moisture requirements.

Eligible participants are 1951-crop corn producers.

Operations: Nonrecourse loans and purchase agreements are available from about August 1, 1951 through May 31, 1952. In areas where the State PMA Committee determines that corn cannot be safely stored throughout the full storage period, the final date of availability shall be earlier as determined by the Committee. Loans are made on a note-and-chattel mortgage basis for farm-stored corn, and note-and-loan agreement basis for warehouse-stored corn. Loans will be due on July 31, 1952, unless demand is made earlier. A producer desiring to deliver corn under a purchase agreement must declare his intention to sell within a 30-day period ending on July 31, 1952. The producer will not be obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement will be the maximum quantity that may be delivered. The purchase price will be the applicable support price established for the corn at the approved point of delivery. The national average support price is $1.54 per bushel.

Authority: Commodity Credit Corporation Charter Act, as amended (Public Law 806, 80th Congress, Public Law 85, 81st Congress) - particularly section 5(a); and Titles I and IV of the Agricultural Act of 1949.

BASIS, 1953 ESTIMATE: The production goal of 89 million acres has been announced for the 1952 crop. This crop will be supported at 90 percent of parity. Production is estimated at 3,375 million bushels as compared with 2,941 million bushels for the 1951 crop. This increase in production is needed to meet feeding requirements for increased livestock numbers and for increasing carry-over stocks. It is estimated that 215 million bushels will be placed under price support loans and purchase agreements which is 6 percent of the total estimated production. Any substantial changes in the production estimate may cause changes in the price support estimates.

PRICE SUPPORT PROGRAM, Basic Commodities

Cotton, Upland

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of cotton at 90 percent of parity as of August 1, 1951, the beginning of the marketing year, and to promote orderly marketing.

Eligibility: Eligible commodity is upland cotton produced in the United States in 1951, of specified grade and staple length, in bales of at least 300 pounds not compressed to high density.

Eligible participants are producers of 1951-crop upland cotton with legal right to pledge it as security for a loan, and cotton cooperative marketing associations acceptable to the President, CCC.

Operations: Nonrecourse loans are available in all cotton-producing States from August 1, 1951, through April 30, 1952, to individual producers, and through May 15, 1952, to cotton cooperative marketing associations. All loans will mature July 31, 1952, or earlier upon demand. Loans are made on warehouse-stored cotton covered by Producer's Note and Loan Agreements, on farm-stored cotton by notes secured by cotton chattel mortgages, and on cotton covered by bills of lading in areas where there is a shortage of storage space and where arrangements can be made for handling the cotton. Loans may be obtained by producers from approved lending agencies or direct from the Corporation, and by cotton cooperative associations direct from the Corporation. All cotton must be classed by a Board of Cotton Examiners of the U. S. Department of Agriculture. The classification fee is 25 cents a bale. Support rates will be equal to 90 percent of parity as of August 1, 1951. The basic loan rate is applicable to Middling 7/8-inch cotton at average location. The average loan rate for Middling 7/8-inch upland cotton, gross weight, is 30.46 cents per pound (90 percent of the August 1 parity of 33.85 cents per pound). Premiums and discounts, with appropriate location differentials, will apply for each of the other qualities of eligible cotton.

Prior to the beginning of the marketing year, loans were available to eligible producers in the early harvesting area at 29.68 cents a pound for Middling 7/8-inch cotton at average location.

Cotton not redeemed by maturity date will be handled in accordance with loan agreements under which CCC has the right to sell, purchase, or pool the cotton upon maturity and non-payment of the loans.

Authority: Commodity Credit Corporation Charter Act, as amended, 15 U.S.C., Supp. III, section 714, et seq. - particularly section 5 (a); and the Agricultural Act of 1949.

BASIS, 1953 ESTIMATE: The budget estimate is based on a goal of 28,000,000 acres to be in cultivation on July 1 for the 1952 cotton crop and an estimated yield of 16,000,000 bales. This yield would be 788,000 bales more than the production from the 1951 crop. Disappearance is estimated at 15,500,000 bales for each of the marketing years 1951 and 1952 with the result that the carry-out of the 1952 crop will increase by 700,000 bales. In view of these factors, it is estimated that 2,500,000 bales of cotton will be placed under loan in the fiscal year 1953 and that one-half of this amount will be redeemed.

PRICE SUPPORT PROGRAM, BASIC COMMODITIES

Peanuts

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1951 crop peanuts.

Eligibility: Merchantable, 1951 crop, farmers' stock quota peanuts from eligible producers.

a. Producers are eligible if they meet all requirements relative to acreage allotments, marketing quotas, inspection, etc.

b. Shellers are eligible if they have signed a 1951 contract with CCC and comply with all applicable marketing regulations and instructions.

Operations: Nonrecourse loans are available to eligible producers at 88% of parity (averaging about $230.56 per ton) from August 1, 1951, through January 31, 1952, maturing June 1, 1952, or earlier on demand. Recourse loans are available to eligible shellers on eligible farmers' stock peanuts at $10 per ton less than support levels, between August 1, 1951 and June 15, 1952 (maturing August 31, 1952 or earlier on demand) when secured by pledge of negotiable warehouse receipts. Recourse loans may also be made to shellers on excess-oil peanuts, purchased from CCC for cleaning and shelling, under the above conditions if such peanuts are placed under loan within 30 days after purchase from the producers.

Purchases of eligible farmers' stock peanuts at support prices will be made from eligible producers from August 1, 1951 through June 15, 1952. Such purchases will also be made from eligible shellers during the period December 1, 1951 - June 15, 1952.

Authority: Commodity Credit Corporation Charter Act, as amended (Public Law 85, 81st Congress) particularly section 5 (a); Titles I and IV of the Agricultural Act of 1949 (Public Law 439, 81st Congress); and section 359 of the Agricultural Adjustment Act of 1938, as amended by section 6 (a) of Public Law 471, 81st Congress).

BASIS, 1953 ESTIMATE: The budget estimate is based on the assumption that the 1952 crop will be about 1,956,000 acres, picked and threshed, which, at a per-acre yield of 777 pounds, would produce about 1,520 million pounds of peanuts. Domestic disappearance is estimated at 1,510 million pounds compared to 1,591 million pounds the previous year, while exports are calculated at about 10 million pounds. Losses are expected to be smaller than those resulting from the 1951 crop, due to an expected reduction in harvested acreage and in the yield per acre resulting in a production and over-all supply figure much more in line with estimated demand. The national marketing quota for 1952 is 1,300 million pounds, which is identical with the quota for 1951.

PRICE SUPPORT PROGRAM, Basic Commodities

Rice

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1951-crop rice in order to encourage increased production.

Eligibility: Eligible commodity is 1951-crop rough rice grading U. S. No. 5 or better, having a head yield of not less than 25 pounds per 100 pounds of rough rice.

Eligible participants are producers and associations of producers of 1951-crop rice.

Operations: Nonrecourse loans are available from harvest through January 31, 1952, and will mature April 30, 1952, or earlier on demand. Loans are made on a note-and-chattel mortgage basis for rice stored on the farm and on a note-and-loan agreement basis when stored in approved warehouses. Loans may be obtained from approved lending agencies or direct from the Corporation. Loan rates, which average about $4.90 per hundredweight, reflect to producers 90 percent of parity as of August 1, 1951. Premiums and discounts apply for the various varieties, grades, and milling qualities.

Purchase agreements are offered to producers from harvest through January 31, 1952. Producers desiring to sell rice to the Corporation under a purchase agreement will have a 30-day period during which to declare their intention to sell. This period will end on April 30, 1952. The producer will not be oligated to sell any specified quantity; however, the amount specified in the purchase agreement will be the maximum quantity that may be delivered. Rice delivered will be purchased at the applicable support price.

Authority: Commodity Credit Corporation Charter Act, as amended (Public Law 806, 80th Congress, Public Law 85, 81st Congress) - particularly section 5(a); and Titles I and IV of the Agricultural Act of 1949 (Public Law 439, 81st Congress).

BASIS, 1953 ESTIMATE: An acreage goal of 1,950,000 acres has been announced for the 1952 crop, which is slightly less than the 1951 crop planted acreage. A support level of 90 percent of July 15, 1951 parity has been established for the 1952 crop. The estimated production is about 42 million hundredweight. This production, plus estimated carry-in stocks of 4.8 million hundredweight, and imports of 100,000 hundredweight, will provide a total supply of about 46.9 million hundredweight. Markets at or above support levels are expected to be available for most of the crop, but it is estimated that about 4.5 million hundredweight will be delivered to CCC in settlement of loans and purchase agreements, because the rice is of types or qualities not in demand at certain times.

PRICE SUPPORT PROGRAM, Basic Commodities

Tobacco

SUMMARY OF LATEST OPERATIONS:

Objective: To support the average prices received by growers of United States and Puerto Rican tobacco.

Eligibility: Eligible commodity is tobacco of the 1951-crop grown in the United States and Puerto Rico. Eligible borrowers are growers of eligible tobacco who are in compliance with applicable regulations prescribed by the Secretary with respect to tobacco acreage allotments and marketing quotas. Growers of all non-quota kinds of tobacco (Maryland and cigar filler and binder) are considered "cooperators" for the purposes of this program.

Operations: Nonrecourse loans are offered to cooperators at following levels: Flue-cured and Burley, 90% of parity; fire-cured, 75% of Burley rate; dark air-cured and Virginia sun-cured, 66-2/3% of Burley rate; cigar filler and cigar binder 90% of parity.

No support will be available to non-cooperators. The loan rates will be based on the parity price as of July 1, 1951 for flue-cured and as of October 1, 1951 for the other types. No loans, except those necessary to cover carrying and handling charges, will be made under the program prior to or after the dates indicated:

	Earliest Date	Latest Date
Flue-cured	July 1, 1951	February 28, 1952
Burley, fire-cured, dark air-cured, and Virginia sun-cured	Nov. 1, 1951	April 30, 1952
Cigar filler and binder (except Puerto Rican)..	Sept. 1, 1951	July 31, 1952
Puerto Rican	Feb. 1, 1952	Sept. 30, 1952

Loans mature on demand, but not later than June 30, 1954, unless extended by CCC.
Loans are made through grower cooperative associations or other responsible organizations which act for groups of growers in receiving, handling, and selling their tobacco. No commercial insurance is carried on tobacco collateral. In lieu thereof the Corporation assumes the physical loss or damage on the tobacco and charges the loan account with a collateral fee of 1-1/2 cents per month per $100 outstanding on the principal amount of the loan on tobacco stored in Continental United States and 3 cents per $100 per month on tobacco stored in Puerto Rico.

Under the loan agreements the cooperatives in the auction areas bear overhead costs in connection with the loan operation in an amount not less than 12 cents per cwt. and are authorized to charge growers an amount equal to 12 cents per cwt. In the cigar areas, this charge is established at a rate proportionate to the relative cost involved in each.

Authority: Commodity Credit Corporation Charter Act, 15 U.S.C., Supp. III, section 714, et seq., particularly section 5(a); and sections 101(a), 101(c) and 101(d) of the Agricultural Act of 1949.

BASIS, 1953 ESTIMATE: It is assumed that the 1952 crop will decrease to 2,250 million pounds, about 60 million pounds below the indicated production for 1951, but 194 million pounds above 1950. Slight increases in production of Burley and dark tobaccos will be more than offset by an expected decline in the flue-cured crop. The 1951 indicated crop yields were high, and lower yields are expected under "normal" growing conditions. With a carryover estimated to amount to about 3.6 billion pounds at the beginning of the 1952 crop year, and imports of 105 million pounds, the total supply in the 1952-53 marketing year will be around 5.9 billion pounds.

Domestic disappearance is expected to increase slightly during the 1952-53 marketing year (1,655 million pounds), compared with 1,627 million pounds in 1951-52. Exports may decline somewhat from the estimated high level of about 572 million pounds for the 1951-52 marketing season. Based on these assumptions, it is estimated that CCC will make loans on 200 million pounds of the 1952 crop and will have 393 million pounds of the 3,728 million-pound carryover under loan at the end of the fiscal year 1953.

It is expected that nominal losses will be incurred.

Present outlook: Due to recent changes in the outlook for the 1952 tobacco crop, it has been necessary to revise the previous estimates. It is now estimated that the 1952 crop will amount to 2,310 million pounds, about the same as the indicated production for 1951, but 254 million above 1950. This is due to the fact that production of flue-cured tobacco in 1952 is expected to be about the same as the 1951 crop rather than lower as previously anticipated. The estimated production of flue-cured tobacco is slightly above the 1952 goal because current yields are above the five-year average yield. Production of other kinds of tobacco are now expected to be about the same as the 1951 crop.

Based on the revised crop estimate, it is anticipated that loans may be made on approximately 250 million pounds of tobacco rather than the 208 million pounds estimated in the 1953 budget. The major portion of this increase will be due to the increased crop of flue-cured tobacco.

PRICE SUPPORT PROGRAM, Basic Commodities

Wheat

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of wheat at 90 percent of parity and to promote orderly marketing.

Eligibility: Eligible commodity is wheat produced in 1952 and shall be (1) any class grading No. 3 or better; or (2) any class grading No. 4 or No. 5 on the factor of "test weight" and/or because of containing "Durum" and/or "Red Durum" but otherwise grading No. 3 or better. Eligible participants are 1952-crop wheat producers.

Operations: Nonrecourse loans are available from harvest (about May 15) through January 31, 1953, and will mature April 30, 1953, or earlier on demand. Farm-storage loans are made on a note-and-chattel mortgage basis and warehouse-storage loans are made on a note-and-loan agreement basis. Loans may be obtained from approved lending agencies or direct from the Corporation. The level of support will be 90 percent of parity as of July 1, 1952, but in no event will the support rate be less than $2.17 per bushel as a national average.

Purchase agreements are offered to producers from harvest through January 31, 1953. A producer desiring to deliver wheat to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on April 30, 1953, or ending on such earlier date as may be determined by the Corporation. The producer will not be obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement will be the maximum quantity that may be delivered. The purchase price will be the applicable support price established for the wheat at the approved point of delivery.

Authority: Commodity Credit Corporation Charter Act, as amended, 15 U.S.C., Supp. III, section 714, et seq., particularly section 5(a); and Titles I and IV of the Agricultural Act of 1949.

BASIS, 1953 ESTIMATE: It is estimated that the 1952-crop wheat goal of 77.94 million acres will produce 1,165 million bushels. A crop of this size will meet both domestic and export requirements and provide an increase in carryover stocks. This production, together with estimated carryin stocks of 293 million bushels and imports of 40 million bushels will provide a total supply of 1,498 million bushels for the 1952-53 marketing year. Domestic disappearance is estimated to be 745 million bushels and exports are estimated to be 350 million bushels. Included in the estimated exports is 253 million bushels to be exported pursuant to the International Wheat Agreement. Thus, carryout stocks are estimated at 403 million bushels with the Corporation holding 215 million bushels and producers and commercial channels holding the balance of the carryover on June 30, 1953. This distribution of

carryover stocks is in line with recent years' holdings. If prices should be depressed due to smaller exports or other factors, the Corporation's stocks may be in excess of the present estimate.

Loans are estimated at 200 million bushels in each of the fiscal years 1952 and 1953 which is slightly larger than the fiscal year 1951 loan program. Estimated losses are based on sales of stocks acquired in prior years; such stocks having accumulated storage and other charges thereby increasing the Corporation's investment above current market prices.

PRICE SUPPORT PROGRAM, Designated Nonbasic Commodities

Honey

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price which beekeepers receive for honey.

Eligibility: Eligible participants are packers, including cooperative marketing associations of producers who enter into contract with CCC. An eligible packer is any individual or legal entity having ownership of, or access to, facilities to purchase, receive, handle, process, pack and store honey and who agrees to pay beekeepers not less than the support price.

Eligible commodity is limited to extracted honey produced in Continental United States, packed in 60-pound or larger containers, and equivalent to or better than U. S. Grade C of the "United States Standards for Grades of Extracted Honey" effective April 1951.

Operations: Purchases of eligible honey may be made in Continental United States during the period April 1, 1951 through March 31, 1952, from eligible producers and packers, including cooperative marketing associations. Packers, excluding cooperative marketing associations, must pay not less than the support price for all eligible honey offered to them. In the case of cooperative marketing associations, initial payments for eligible honey delivered by producers, plus credits to appropriate producers' pool accounts, which may include deductions authorized by the cooperative members, must be not less than the approved support price. The support price for honey, Grade C or better, delivered to packers' plants by beekeepers, in 60-pound containers, is 10.1 cents per pound for honey having general national acceptability and 9 cents per pound for honey of limited national acceptability. No price support is available on honey which has little or no acceptability even in the area in which it is produced. These prices are expected to average 9.9 cents per pound which is 60 percent of the parity price as of April 1, 1951, the beginning of the 1951 marketing season.

The agreement with packers provides for processing and repacking eligible honey which is accepted by CCC under the program. Prices to packers, in addition to the support price, include amounts for services rendered as required by CCC.

Honey acquired under this program is to be sold principally for domestic food and non-food uses.

Authority: CCC Charter Act (15 USC., Supp. III, section 714, et seq) and Title II, section 201(b) of the Agricultural Act of 1949 (P.L. 439, 81st Congress).

BASIS, 1953 ESTIMATES: The estimate is based on a probable production of about 240 million pounds of honey (the same as the current year but slightly more than last year), a total supply of 280 million pounds and domestic utilization and exports of about 240 million and 15 million pounds, respectively. Maximum purchases of about 25 million pounds of honey by the Corporation are estimated. Outlets exist through School Lunch and other eligible Section 32 distribution channels for up to 15 million pounds of the table grade honey. Any additional supplies acquired, therefore, would either be carried over into subsequent years or disposed of at a loss.

Present Outlook: Based on current year yields, production in 1952-1953 marketing season is now estimated to be 250 million pounds or an increase of 10 million over the previous estimate. Increased domestic disappearance is expected to utilize all of this increase without any additional acquisition of honey by CCC. Consideration is being given, however, to operating the 1952-53 price support program under loans and purchase agreements as well as direct purchases from packers. In the event this type of program is approved, CCC inventory on June 30, 1953 is expected to be nearly 20,000,000 pounds. It is estimated School Lunch and other eligible Section 32 outlets can now utilize up to 25 million pounds of honey annually. Therefore, unless CCC acquisitions have to be substantially increased, CCC inventories are expected to be negligible subsequent to fiscal year 1953.

PRICE SUPPORT PROGRAM, Designated Nonbasic Commodities

Milk and Butterfat

SUMMARY OF LATEST OPERATIONS:

Objective: To support the general levels of prices to producers for milk and butterfat and the products of such commodities from April 1, 1951 to March 1952.

Eligibility: Eligible dairy products must be produced and located in the Continental United States and must be in units of not less than tariff minimum carlots for the area where the products are located. Under present operations the following products are eligible:

Butter must be U. S. Grade B or higher, solid packed in commercial containers.

Nonfat dry milk solids must be spray and roller process, U. S. Extra Grade, packed in export containers.

Cheese must be American Cheddar of U. S. Grade A or higher, packed in commercial domestic or export containers.

Operations: Purchases will be made on the basis of offers and acceptances pursuant to announcements setting forth the terms and conditions of purchase. Purchase contracts will be dated after March 31, 1951 and not later than March 31, 1952. The Corporation has assured an open announcement to buy carlots f. o. b. any location at the following prices:

Cheddar cheese, U. S. Grade A or higher	36¢ per lb.
Butter: U. S. Grade A or higher	66¢ per lb.
U. S. Grade B	64¢ per lb.
Nonfat dry milk solids, U. S. Extra: spray type..	15¢ per lb.
roller type.	13¢ per lb.

Authority: Commodity Credit Corporation Charter Act, as amended (62 Stat. 1070, 63 Stat. 154), particularly section 5(a); and Title II of the Agricultural Act of 1949 (Public Law 439, 81st Congress).

BASIS, 1953 ESTIMATE: Milk production in 1951 was near the lowest per capita rate of the last century. Under the prospective production conditions of increasing shortages and costs of dairy farm labor and equipment and the relatively more favorable returns from other major farming enterprises, particularly meat animals, price support of milk and butterfat will be necessary to help maintain milk production at the current level through the fiscal year 1953. Only moderate purchases may be necessary to support prices to producers and such support activities may be largely seasonal. The 1952-53 program has been announced at 90% of parity for milk and butterfat.

PRICE SUPPORT PROGRAM, Designated Nonbasic Commodities

Mohair

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of mohair to producers during the period April 1, 1952 through March 31, 1953 at 75% of April 1, 1952 parity.

Eligibility: Specified types and grades of mohair produced in the Continental United States and territories are eligible for support.

Operations: Due to current mohair prices and the likelihood of continued high prices during this marketing season, no operations are contemplated. However, if operations become necessary, the program will be applicable to mohair produced in the Continental United States and territories, which is offered for sale to CCC by producers, producer pools and cooperatives representing producers. Mohair will be accepted by CCC as long as the original producer has title to it, but if the producer has sold his mohair, it will no longer be eligible for sale to CCC under this program.

Authority: Commodity Credit Corporation Charter Act, as amended, particularly section 5; and Title II, section 201 (a) of the Agricultural Act of 1949 (Public Law 439, 81st Congress).

BASIS, 1953 ESTIMATE: Mohair prices are currently substantially above the parity price of mohair. U. S. mohair stocks are at an extremely low level, and there are no indications of a major decline in prices during the next year.

PRICE SUPPORT PROGRAM, Designated Nonbasic Commodities

Tung Nuts

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of tung nuts and tung oil.

Eligibility: Producers of 1951-crop tung nuts. Tung nuts must be mature, air-dried, dark colored and with hard hulls suitable for crushing. Tung oil must meet federal specifications, must be supported by a certification that the quantity pledged does not exceed the quantity processed for the producer from his 1951 crop, and must be evidenced by an acceptable warehouse receipt guaranteeing the quantity and compliance with federal specifications.

Operations: Nonrecourse loans and purchase agreements are available on eligible tung oil from November 1, 1951 through June 30, 1952. Loans mature October 31, 1952, or earlier on demand. They are made on a note-and-loan agreement basis with a warehouse receipt constituting the security. The support price for tung oil is 26.5 cents per pound, on the basis of the support price for tung nuts plus an allowance for cost of milling.

Purchase agreements are available on eligible tung nuts at 60% of parity (which is $67.20 per ton) as of November 1, 1951 through January 31, 1952. The producer has the option of delivering either tung nuts or tung oil - and any quantity of either - within the maximum amount of tung nuts specified in the purchase agreement.

Authority: Commodity Credit Corporation Charter Act, as amended, 15 U.S.C., Supp. III, section 714, et seq., particularly section 5(a) thereof; sections 201 and 401 of the Agricultural Act of 1949 (Public Law 439, 81st Congress).

BASIS, 1953 ESTIMATE: The budget estimate is based upon the assumption that if there is favorable weather and an expected increase in bearing trees develops, the harvest will total about 83,000 tons of nuts. These are expected to produce about 25 million pounds of tung oil which would compare with about 19 million pounds produced from the previous year's freeze-damaged crop. Strong consideration has had to be given to the possibility that growers, while watching the developments in the international situation and speculating as to the possible relaxation of the embargo on Chinese tung oil, may take advantage of the loan provisions of the program for protective purposes.

PRICE SUPPORT PROGRAM, Designated Nonbasic Commodities

Wool

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of wool to producers during the period April 1, 1952 through March 31, 1953 at 90% of April 1, 1952 parity.

Eligibility: Specified types and grades of shorn and pulled wool produced in the Continental United States and territories are eligible for support.

Operations: Due to current wool prices and the likelihood of continued high prices during this marketing season, no operations are contemplated. However, if operations become necessary, the program will be applicable to wool produced in the Continental United States and territories, which is offered for sale to CCC by producers, producer pools, cooperatives representing producers, and pulleries. Wool will be accepted by CCC as long as the original producer (or pullery) has title to it, but if the producer has sold his wool, it will no longer be eligible for sale to CCC under this program.

Authority: Commodity Credit Corporation Charter Act, as amended, particularly section 5; and the Agricultural Act of 1949 (Public Law 439, 81st Congress), particularly Title II, section 201 (a).

BASIS, 1953 ESTIMATE: The majority of the United States' wool requirements are normally imported. U. S. wool prices usually remain above world wool prices as a result of the U. S. tariff. World wool consumption has exceeded production by such a large margin since the close of the war that wartime surpluses have been used and a world-wide wool shortage is in prospect. Domestic wool prices currently exceed 109 percent of parity and are expected to remain substantially above 90 percent of parity for the next year.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Barley

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1952-crop barley in order to encourage increased production of feed grains.

Eligibility: Eligible commodity is barley produced in 1952 and grading U. S. No. 5 or better or No. 5 Garlicky or better. Eligible participants are producers of 1952-crop barley.

Operations: Nonrecourse loans are available from harvest (about May 15, 1952) through January 31, 1953 and will mature April 30, 1953, or earlier on demand. They may be obtained from approved lending agencies or direct from the Corporation. Loans are made on a note-and-chattel mortgage basis for farm-stored barley and on a note-and-loan agreement basis for warehouse-stered barley.

Purchase agreements are offered to producers from harvest through January 31, 1953. A producer desiring to deliver barley to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on April 30, 1953. The producer will not be obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered. The national average support price is $1.22 per bushel which is equivalent to 80 percent of the August 15, 1951 parity price.

Authority: Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress), as amended, particularly section 5 (a); and Titles III and IV of the Agricultural Act of 1949.

BASIS, 1953 ESTIMATE: This estimate is based on the production goal for 1952 of 12,865,000 acres, which is about 20 percent larger than the planted acreage for 1951. It is considered desirable to increase the barley acreage in order to increase the supplies of feed grains needed to increase livestock production. To assist in obtaining this increase, the support level has been established at 80 percent of the August 15, 1951 parity as compared with the 1951 support level of 75 percent of the January 15, 1951 parity. It is anticipated that producers will take advantage of the price support program and place 33 million bushels under loan and purchase agreement which is 12 percent of the total estimated production. A short crop in any one of the feed grains could materially change these estimates.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Beans, Dry Edible

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1951-crop dry edible beans at an average price of $6.69 per 100 pounds on a thresher-run basis, which is approximately 75 percent of January 15, 1951 parity.

Eligibility: Eligible commodity is dry edible beans of the classes: Pea, Medium White, Great Northern, Small White, Flat Small White, Pink, Small Red, Pinto, Cranberry, Red Kidney, Standard Lima, and Baby Lima produced in 1951. Beans delivered to CCC shall grade U. S. No. 2 or better and must be packed in suitable 100-lb. bags. Eligible participants are producers or cooperative marketing associations of producers of 1951-crop dry edible beans.

Operations: Loans are available from harvest through January 31, 1952 and will mature April 30, 1952, or earlier on demand. Loans are made on a note-and-chattel mortgage basis for farm-stored beans and on a note-and-loan agreement basis for warehouse stored beans. Loans may be obtained from approved lending agencies or direct from the Corporation.

Purchase agreements are offered to producers from harvest through January 31, 1952. A producer who elects to deliver beans to the Corporation under a purchase agreement must declare his intentions to sell within a 30-day period ending April 30, 1952. The producer is not obligated to sell any specified quantity; however, the quantity specified in the purchase agreement is the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress), as amended, particularly section 5(a); and Titles III and IV of the Agricultural Act of 1949.

BASIS, 1953 ESTIMATE: The budget estimate is based on the proposed acreage guide of 1.9 million acres for 1952. Production is estimated at 17.8 million cwt. and carryin stocks and imports at 4.5 million cwt., making a total supply of 22.3 million cwt. which should more than cover estimated requirements. Estimated domestic disappearance of 16.0 million and exports of 2.0 million will leave an estimated carryout of 4.3 million cwt. on August 31, 1953. Although farm prices are expected to average out above support levels and demand is expected to be high, it is believed that some classes will sell very close to support levels. Accordingly, it is estimated that loans will be made on 4.0 million cwt. and purchase agreements on .5 million cwt. Deliveries under loans are estimated at 1.5 million, and purchases under purchase agreements at 250 thousand cwt.

Present outlook: Since the preparation of the budget estimates, the production and total supply estimates have decreased about 9% and 5%, respectively. It is estimated that this will result in a reduction of about 50% of the quantity going under price support.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Cotton, American-Egyptian

SUMMARY OF LATEST OPERATIONS:

Objective: To support, by means of a purchase program, the price of 1952-crop American-Egyptian cotton in order to ensure expanded production.

Eligibility: Eligible commodity--1952-crop American-Egyptian cotton of specified grade and staple length, in bales of at least 300 pounds not compressed to high density, produced in the United States from Amsak or Pima 32 varieties of seed.

Eligible participants--producers or associations of producers of eligible 1952-crop American-Egyptian cotton.

Operations: Purchases will be made from eligible producers during the period August 1, 1952 through April 30, 1953 by means of sight drafts drawn on CCC by State or County PMA Committees, or they may be made by PMA Commodity Offices. Cotton must be classed by a Board of Cotton Examiners of the U. S. Department of Agriculture, and purchases will be made on the basis of such classification.

The purchase rate for Grade No. 2, 1½ inches in staple, usually considered the base quality, will average 107.10 cents per pound. Premiums and discounts, with appropriate location differentials, will apply for each of the other qualities of eligible cotton. To be eligible for purchase, the cotton must be represented by negotiable warehouse receipts issued by warehouses approved by CCC, must have been produced from Amsak and Pima 32 varieties of American-Egyptian cottonseed, and must have been ginned on a roller gin. All cotton meeting the national stockpile specifications will be made available to the stockpile as soon as possible after purchase.

Authority: Commodity Credit Corporation Charter Act, as amended, 15 U. S. C., Supp. III, section 714, et seq., particularly sections 5 (a) and (c); Titles III and IV of the Agricultural Act of 1949, sections 303 and 304 of the Defense Production Act of 1950, as amended; and Executive Order 10161, as amended by Executive Order 10281.

BASIS, 1953 ESTIMATE: The budget estimate is based on a goal of 105,000 acres to be planted and an estimated yield of 75,000 bales. In view of the strategic importance of this crop, the price is being supported at a level considerably above 90 percent of parity in order to guarantee producers a return commensurate with the return that could be expected from other crops. The budget anticipates that CCC will acquire 50,000 bales.

Present outlook: The average support price announced is at a level which will result in practically the entire production of 75,000

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Cottonseed

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1951-crop cottonseed to producers.

Eligibility: Cottonseed must have been produced in the Continental United States in 1951 by person tendering it for loan or purchase, or, if tendered by a cooperative association, must have been produced and delivered to the association by its producer-members; or, if tendered by ginner for purchase, must have been purchased from eligible producers; and, to be eligible for farm-storage or warehouse-storage loan on identity-preserved cottonseed, must not contain more than 11% moisture; and on warehouse-storage loans on commingled cottonseed, the warehouse receipts must show the grade as determined in accordance with the U. S. Official Standards for Grades of Cottonseed.

Operations:

Loans: Farm-storage nonrecourse loans will be made at $63.90 per ton (support at approximately 90% of January 15, 1951 parity) to producers directly by CCC and through lending agencies on a note-and-chattel mortgage basis for cottonseed stored in approved storage structures on or off the farm provided no warehouse receipts are outstanding. The settlement rate delivered in satisfaction of such loans will be $65.50 per ton for basis grade (100) with premiums and discounts equal to the same percentage of such price as the percentage by which the grade delivered exceeds or is less than basis grade (100).

Warehouse-storage nonrecourse loans will be made at $63.90 per ton to producers on the basis of note and loan agreement secured by warehouse receipts issued by warehousemen approved by CCC. If the warehouseman guarantees delivery of the grade and quality shown in the warehouse receipt, the producer will not be responsible for the grade and quantity delivered; if the warehouseman does not guarantee delivery of a specified grade and quantity, settlement will be made with the producer upon the basis of the actual grade and quantity of the cottonseed delivered.

CCC will not assume any warehouse charges on loan or purchase-agreement cottonseed incurred by the producer prior to March 1, 1952, except that the President, CCC, may authorize payment to warehousemen of certain charges in connection with receiving, sterilization, and transportation of cottonseed.

Purchase agreements: Producers are not obligated to deliver any specified quantity but shall have the option of delivering at the loan settlement rate for the grade delivered any quantity within the maximum specified in the purchase agreement executed by him.

Purchases: The President, CCC, will issue an open offer to purchase cottonseed from ginners or from eligible producers. Ginners must certify that all cottonseed offered was purchased from eligible producers and that, since filing of notice by the ginner of his intention to participate, he has not at any time up to and including the date of sale to CCC paid any producer less than $61.50 per ton basis grade (100). Purchase rate to ginners will be $65.50 per ton for basis grade (100).

Authority: Commodity Credit Corporation Charter Act, as amended, 15 U.S.C., Supp. III, section 714, et seq., particularly section 5(a); and Titles III and IV of the Agricultural Act of 1949.

BASIS, 1953 ESTIMATE: It is assumed that cottonseed or cottonseed end products may be acquired equivalent to 875,000 tons of cottonseed. This is based upon the premise that the withholding of 10 to 15 percent of the supply of cottonseed from the market during the peak ginning period will, under present economic conditions, support the price of cottonseed at the announced support level. The historical precedent for this assumption is found in the records of the 1949 cottonseed price support program. Under the 1949 support program, CCC bought 810,000 tons of cottonseed or 12 percent of a 6.5 million ton crop.

In arriving at the tonnage of cottonseed to be bought direct (purchased by State and county committees), it is assumed that because of plant location factors in certain areas, some independent oil mills and/or cotton gins may decline to participate in the program. In general, however, it is assumed that non-participating mills and/or gins will be relatively small units operating within areas of restricted competition. Location, volume of business and the incidence of such mills have been estimated to account for slightly less than 10 percent of total ginning and crushing capacity.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Flaxseed

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1952 crop flaxseed in order to encourage producers to meet announced acreage goals.

Eligibility: Eligible flaxseed is that produced in 1952 and grading U. S. No. 2 or better. Eligible participants are producers of 1952-crop flaxseed.

Operations: Nonrecourse loans are available from about April 1, 1952 through October 31, 1952 in Arizona and California and through January 31, 1953 in all other states. Loans are made on a note-and-chattel mortgage basis for flaxseed stored on the farm and on a note-and-loan agreement basis when stored in an approved public warehouse. Loans will mature on January 31, 1953 or earlier on demand in Arizona, California and Texas counties not designated as purchase counties and on April 30, 1953 in all other states.

Purchase agreements are available on eligible flaxseed for the same periods and areas as are loans. A producer electing to deliver flaxseed to the Corporation must declare his intention in this regard within a 30-day period ending January 31, 1953 in Arizona, California and Texas, and ending April 30, 1953 in all other states, or on such earlier dates as may be prescribed by the President, CCC. The producer is not obligated to sell any specific quantity however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered. The purchase price will be the applicable support price established for the flaxseed at the approved point of delivery.

Direct Purchases, if necessary, will be made in designated Texas counties from harvest through July 31, 1952, if the market price is not equal to or in excess of the support in such counties. This operation may be necessary since flaxseed produced in this area contains excess moisture and cannot be stored without deterioriation. The national average support price for flaxseed grading U. S. No. 1 is $3.77 per bushel which is 80 percent of the August 15, 1951 parity price.

Authority: Commodity Credit Corporation Charter Act, as amended, 15 U.S.C. Supplement III; Section 714 et seq particularly Section 5(a); and titles III and IV of the Agricultural Act of 1949.

BASIS, 1953 ESTIMATE: A production goal of 4 million acres has been announced for the 1952 flaxseed crop. It is estimated that production from this acreage will be 38 million bushels as compared with 33.8 million bushels for the 1951 crop. The 1952 crop will be supported at 80 percent of August 15, 1951 parity; whereas the 1951 crop support level is 60 percent of parity. The increase in the support level will aid in meeting the requested increase in flaxseed production to assure an adequate supply of linseed oil. The estimated increase in production and support level is estimated to result in fiscal year 1953 price support loan and purchase agreement operations substantially larger than fiscal year 1952 operations.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Naval Stores

SUMMARY OF LATEST OPERATIONS:

Objective: To help maintain adequate supplies and facilitate the orderly distribution of gum naval stores produced in the United States by supporting the level of prices to producers at 90 percent of December 1, 1951 crude gum parity.

Eligibility: Eligible naval stores include (1) processed turpentine meeting prescribed specifications and stored in approved bulk tanks, (2) processed rosin, Federally graded at not lower than Grade "G", packed in specified metal drums and placed in approved storage, and (3) the turpentine and rosin content of crude gum stored at processing plants adequately equipped with crude gum storage facilities. Producers may pledge the turpentine and rosin content of stored crude gum, the warehouseman being obligated to process the gum within specified time limits and deliver processed turpentine and rosin equal to or better than the grades and weights on which the loan is based.

Eligible borrowers are producers who are members of the American Turpentine Farmers Association Cooperative of Valdosta, Georgia, who cooperate in the 1952 Gum Naval Stores Conservation Program or otherwise follow good forestry conservation practices as determined by the Department.

Operations: Loans are governed by an agreement between CCC and the single producer association representing more than 90 percent of domestic gum production. Loans are available to eligible producers throughout the producing area during, and on production harvested in, the calendar year 1952, and mature March 31, 1953 or earlier on demand. The loan rate computed at 90 percent of the December 1, 1951 parity and applied to the gum naval stores production unit of 50 gallons of turpentine and 1,400 pounds of rosin is $129.72. Initial loan rates are 50 cents per bulk gallon of turpentine and $7.48 per cwt. of rosin, Grade "G" or better.

Producers are required to execute an agreement with the Association containing the terms and conditions upon which the loan is made. The Association enters into agreements with warehousemen and such agreements are assigned to CCC. Payment of the loan proceeds to the producer is effected by the warehouseman (acting as agent of the Association) making request therefor upon CCC through the Association. Such payments are made by check directly to producers or their designees by the Atlanta Federal Reserve Bank.

Authority: Commodity Credit Corporation Charter Act (15 U.S.C., Supp. IV, section 714, et seq.), particularly section 5(a); and section 301 of the Agricultural Act of 1949 (7 U.S.C., Supp. IV, section 1447).

BASIS, 1953 ESTIMATE: The estimates are based on the assumption that the production, domestic consumption, exports and prices for both gum and wood naval stores will be maintained at about the same level during the crop year 1952 as in the previous year. The production estimates are likely to be more accurate than disappearance forecasts, since yields of gum naval stores are steadier than those of field crops and because wood naval stores output is a manufacturing operation rather than an agricultural enterprise.

BASIS OF ESTIMATE - Fiscal year 1953:

Rosin: The 1952 crop, most of which is marketed in the fiscal year 1953, is estimated at 730,000 drums of gum rosin--1,330,000 drums of steam-distilled wood rosin, and 400,000 drums of tall oil rosin and the resin acid content in tall oil. This production, together with the estimated carry-in stocks of 450,000 drums and small imports of Mexican gum rosin should provide a total available supply of 2,915,000 drums, or nearly 5 percent less than in the crop year 1951. The high level of domestic consumption, stimulated by the development of new uses important to the defense effort, is expected to continue during the 1952 marketing year. Exports are expected to approximate crop year 1951 levels. Carry-out stocks on March 31, 1953 should approximate 415,000 drums. The market value of rosin is expected to average substantially in excess of the support rate of $7.48 per 100 pounds, net. Under these circumstances, the 1952 loan program should serve mainly to encourage production and permit producers to pledge their products during the flush season for redemption during the slack season when markets usually are stronger. Estimated pledges and redemption of 1952 crop rosin should amount to 250,000 drums. By the close of fiscal year 1953, practically all of the current CCC inventory is expected to be liquidated. A substantial part of this liquidation should be achieved under a proposed project pursuant to the Defense Production Act, providing for the stockpiling of 500,000 gallons of turpentine and 200,000 drums of rosin by allocation to defense purposes. The project contemplates liquidation of the rosin and turpentine by June 30, 1953.

Turpentine: The 1952 crop is estimated at 34,150,000 gallons (683,000 barrels of 50 gallons each) of gum and wood turpentine. This approximates our estimate for the 1951 crop. In addition, estimated carry-in stocks of 7,050,000 gallons (141,000 barrels) and imports from Mexico of about 900,000 gallons (18,000 barrels) would provide a total supply of 42,100,000 gallons (842,000 barrels) approximately equal to our estimate for the crop year 1951. Continued development of important new uses for turpentine assures maintenance or even an increase in 1951 levels of domestic consumption and exports. Carry-out stocks on March 31, 1953 should approximate 6,100,000 gallons (122,000 barrels), an all time low. Assuming continuance of the current 80 cents per gallon ceiling price and allowing for the usual price dip in the flush production season, prices of gum turpentine should average about 75 cents per gallon during the crop year 1952. This is 50 percent in excess of the turpentine support rate under the 1952 loan program.

Under these conditions, the turpentine loan, like that on rosin, will serve mainly to stimulate needed production and permit orderly marketing by producers during the flush production season. Estimated pledges and redemptions during the crop year 1952 should total 1,500,000 gallons. By the end of fiscal year 1953, it is anticipated that all CCC turpentine will be liquidated.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Oats

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1952-crop oats in order to encourage increased production of feed grains.

Eligibility: Eligible commodity is 1952-crop oats grading U. S. No. 3 or better. Eligible participants are producers of 1952-crop oats.

Operations: Nonrecourse loans are available from harvest (about May 15, 1952) through January 31, 1953 and will mature April 30, 1953, or earlier on demand. They may be obtained from approved lending agencies or direct from the Corporation. Loans are made on a note-and-chattel mortgage basis for farm-stored oats and on a note-and-loan agreement basis for warehouse-stored oats.

Purchase agreements are offered to producers from harvest through January 31, 1953. A producer who elects to deliver oats to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on April 30, 1953. The producer is not obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered. The national average support price is 78 cents per bushel, which is equivalent to 80 percent of the August 15, 1951 parity price.

Authority: Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress), as amended - particularly section 5(a); and Titles III and IV of the Agricultural Act of 1949.

BASIS, 1953 ESTIMATE: This estimate is based on an acreage goal of 41,600,000 acres for 1952-crop oats which is about the same acreage as was seeded to oats in 1951. The support level is 80 percent of August 15, 1951 parity as compared with 75 percent as of January 15, 1951 parity for the 1951 crop. The estimated 19 million bushels to be placed under loan during the 1953 fiscal year is higher than the 10 million bushels during the 1952 fiscal year, because it is felt that producers will use the price support program if the production goals for all feed grain crops are met. These goals are based on a fairly large acreage of feed grains.

It is estimated that CCC will acquire about one-half of that placed under support. This amount, plus the carryover from previous programs will represent about 7 percent of the total carryover stocks of oats.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Rye

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1952-crop rye in order to encourage increased production of grains.

Eligibility: Eligible commodity is rye produced in 1952 and grading U. S. No. 2 or better, or grading No. 3 solely on the factor of test weight, containing not in excess of 1% ergot.

Eligible participants are producers of 1952-crop rye.

Operations: Nonrecourse loans are available from harvest (about May 15, 1952) through January 31, 1953 and will mature April 30, 1953, or earlier on demand. They may be obtained from approved lending agencies or direct from the Corporation. Loans are made on a note-and-chattel mortgage basis for farm-stored rye and on a note-and-loan agreement basis for warehouse-stored rye.

Purchase agreements are offered to producers from harvest through January 31, 1953. A producer desiring to deliver rye to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on April 30, 1953. The producer is not obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered. The national average support price is $1.42 per bushel, which is equivalent to 80 percent of the August 15, 1951 parity price.

Authority: Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress), as amended - particularly section 5(a); and Titles III and IV of the Agricultural Act of 1949.

BASIS, 1953 ESTIMATE: This estimate is based on a production goal of 1,828,000 acres, which is the same acreage as was harvested in 1951. The level of support for the 1952 crop is 80 percent of August 15, 1951 parity. Based on the estimated production goal, the supply of rye will remain about the same as for the 1951 marketing year, which should result in price support operations being about the same. Our 1953 fiscal year estimates are the same as for the 1952 fiscal year estimates, except for the 5% increase in the support level.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Seeds, Hay and Pasture

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1951-crop hay, pasture and range grass seed in order to encourage adequate production to meet seed requirements of American farmers for forage and for soil conservation during the next few years.

Eligibility: Eligible seeds are certain alfalfas, clovers, lespedeza and grasses produced in 1951. Seed delivered to CCC must be cleaned, bagged, and tagged and meet specifications determined by the Corporation. Eligible participants are producers or cooperative associations of producers of 1951-crop eligible seed.

Operations: Loans are available from time of harvest through January 31, 1952 and will mature April 30, 1952 (September 30, 1952, in the case of range grass seed) or earlier on demand. Loans may be obtained from approved lending agencies or direct from the Corporation. Farm-storage loans are made on a note-and-chattel mortgage basis and warehouse-storage loans are made on a note-and-loan agreement basis.

Purchase agreements are offered to producers from time of harvest through January 31, 1952. A producer desiring to deliver seed to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on April 30, 1952 (ending on September 30, 1952 in the case of range grass seed). The producer is not obligated to sell any specified quantity; however, the amount specified in the purchase agreement will be the maximum quantity that may be delivered. The basic support prices range from 3.5¢ to $1.25 per pound depending upon variety, purity and germination.

Authority: Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress), as amended - particularly section 5(a); and Titles III and IV of the Agricultural Act of 1949.

BASIS, 1953 ESTIMATE: This estimate is based on a total national production in 1952 of slightly over 600 million pounds of hay and pasture seeds. Supplies of hay, pasture and range grass seeds were relatively small at the beginning of the 1950 crop year; prices were at high levels, and imports had been large. Good weather at harvest time in most areas in 1950 favored expanded production of these seed crops. Red and sweet clover seed supplies reached record levels, but northern adapted strains of alfalfa are inadequate. Production prospects for the 1952 crop, especially for the perennial and biennial seeds are potentially large. Sericea lespedeza, because of an unusually favorable harvest season in 1950, is in adequate supply - under average conditions surpluses are unlikely. Supplies of Korean, Kobe and Common or Tenn. 76 do not appear to meet the present level of demand. It is estimated that loans will be made on 30 million pounds of hay and pasture seed, of which 3 million pounds will be acquired in settlement of loans; purchase agreements will be made on 6 million pounds and .6 million pounds will be delivered to the Corporation.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Seeds, Winter Cover Crop

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of winter cover crop seed in order to encourage farmers to plant acreages in line with announced production goals.

Eligibility: Eligible commodity is 1952-crop high-quality seed, cleaned, bagged, and tagged, of the following varieties: hairy, common and Willamette vetch; crimson clover; common ryegrass, blue lupine, roughpeas. Eligible participants are producers and cooperative marketing associations of producers.

Operations: Loans will be available from harvest through December 31, 1952, and will mature January 31, 1953, or earlier on demand. Loans will be made on a note-and-chattel mortgage basis for farm-stored seed and on a note-and-loan agreement basis for warehouse-stored seed. Loans may be obtained from approved lending agencies or direct from the Corporation.

Purchase agreements will be available from harvest through December 31, 1952. Producers electing to deliver seed to CCC under purchase agreements must declare their intention to sell within a 30-day period ending January 31, 1953. The producer will not be obligated to deliver any specified quantity but shall have the option of delivering any quantity up to the maximum specified in the purchase agreement. Support prices range from 3.5¢ to 19¢ per pound depending on variety.

Authority: Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress), as amended - particularly section 5(a); and Titles III and IV of the Agricultural Act of 1949.

BASIS, 1953 ESTIMATE: The relative small production of winter cover crop seeds in the years 1945-49 had to be supplemented with extensive imports. The short supply brought about high prices and thereby stimulated production beginning with the 1950 crop. Prospective supplies for 1951-52 are above normal and should provide a large reserve against future demands. However, expanding domestic use of winter cover crop seeds created by new awareness of the importance of winter cover crop seedings does not make these surpluses appear too burdensome. The budget estimate is based on the assumption that 1952 production of winter cover crop seed will total about 304.5 million pounds; estimated carry-in stocks of about 291.1 million pounds and imports of 5 million pounds; making a total supply of 600.6 million pounds. Domestic disappearance of 343.6 million pounds and exports of 14 million pounds will leave an estimated carry-out of about 243 million pounds. It is estimated that loans will be made on 142.8 million pounds and that 28.6 million pounds will be delivered in settlement of loans; purchase agreements will be made on 15.8 million pounds, of which none will be delivered to the Corporation.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Sorghums, Grain

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1952-crop grain sorghums in order to encourage increased production of feed grains.

Eligibility: Eligible commodity is grain sorghums produced in 1952 grading No. 4 or better, or No. 4 Smutty or better, and must not contain in excess of 13 percent moisture. Eligible participants are producers of 1952-crop grain sorghums.

Operations: Nonrecourse loans are available from April 1, 1952 through January 31, 1953 and will mature March 31, 1953, or earlier on demand. They may be obtained from approved lending agencies or direct from the Corporation. Farm-storage loans will be secured by notes and chattel mortgages and warehouse-storage loans will be secured by notes and loan agreements.

Purchase agreements are offered to producers from April 1, 1952 through January 31, 1953. A producer desiring to deliver grain sorghums to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending March 31, 1953. The producer is not obligated to sell any specified quantity; however, the amount specified in the purchase agreement is the maximum quantity that may be delivered. The national average support price is $2.38 per hundredweight, which is equal to 80% of parity as of August 15, 1951.

Authority: Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress), as amended - particularly section 5(a); and Titles III and IV of the Agricultural Act of 1949.

BASIS, 1953 ESTIMATE: The budget estimate of price support operations is based on a total 1952-53 supply of grain sorghums amounting to 215 million bushels. This includes an estimated 1952-crop production of 205 million bushels compared with 159 million bushels for the 1951 crop. This estimated production for the 1952 crop is based on a goal of 10 million acres compared with a harvested acreage of 8.5 million acres for the 1951 crop. To aid in securing the increase in production, the support level has been established at 80 percent of parity as of August 15, 1951. This support level will result in a nine cent increase over the support price for 1951. In view of the increased feeding requirements, current price quotations, and the estimated available supplies in the fiscal year 1953, the price support program is expected to be approximately the same as for 1952.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Soybeans

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1951-crop soybeans at 90 percent of the January 15, 1951 parity price in order to encourage higher production.

Eligibility: Eligible commodity is soybeans having moisture content not in excess of 14 percent and grading U. S. No. 4 or better on all other factors. Eligible participants are producers of 1951-crop soybeans.

Operations: Nonrecourse loans are available from harvest (about August 15, 1951) through January 31, 1952, maturing May 31, 1952, or earlier on demand. Loans are made on a note-and-chattel mortgage basis for soybeans stored in approved farm-storage structures and on a note-and-loan agreement basis secured by warehouse receipts, when place of storage is an approved public warehouse. Loans are made at the national average support price of $2.45 per bushel, which represents 90 percent of the parity price, as of January 15, 1951. Loans may be obtained from approved lending agencies or direct from the Corporation.

Purchase agreements are available to producers from harvest through January 31, 1952. A producer desiring to deliver soybeans to the Corporation under a purchase agreement must so declare his intentions within a 30-day period ending May 31, 1952, or on such earlier date as may be determined by the Corporation. A producer is not obligated to deliver any specified quantity of soybeans to CCC; however, the number of bushels specified in purchase agreement is the maximum quantity which may be delivered. The purchase price will be applicable support price.

Authority: Commodity Credit Corporation Charter Act, as amended (Public Law 806, 80th Congress, Public Law 85, 81st Congress) - particularly section 5(a); and sections 301 and 401 of the Agricultural Act of 1949.

BASIS, 1953 ESTIMATE: The budget estimate is based on a goal of 13 million acres which is expected to yield a production of 276 million bushels, This production, which is about the same as the 1951 crop production, is desirable to meet the demand for edible oils and protein feeds. A larger acreage cannot be obtained without a reduction in corn or cotton acreage. The estimated cotton production will result in a relatively large supply of cottonseed oil, which is in direct competition with soybean oil. Thus, it is anticipated that the soybean price support program during the 1953 fiscal year will be used to a larger extent by producers than during previous years. It is estimated, however, that all stocks acquired by the Corporation will be sold without loss.

PRICE SUPPORT PROGRAM - Exchange Commodities

Strategic and Critical Materials

SUMMARY OF LATEST OPERATIONS:

Objective: To exchange Commodity Credit Corporation owned commodities for strategic or critical materials produced abroad.

Eligibility: Materials must be designated as strategic or critical by the Munitions Board and must be produced abroad pursuant to Section 2 of the Stockpiling Act, P. L. 520, 79th Congress. Domestic agricultural commodities exchanged must be surplus to the needs of the United States, owned by Commodity Credit Corporation, and must not interfere with the normal export of such commodities.

Operations: The usual policy of the Commodity Credit Corporation has been to consider only materials for which the Corporation can receive immediate reimbursement from the Munitions Board, although the Corporation has the authority to barter for strategic materials which the Munitions Board cannot accept immediately because of insufficient funds. Exchanges are made on a dollar-for-dollar basis, the fair value of the strategic materials being determined by the General Services Administration. Commodity Credit Corporation deals directly with foreign governments or through private trade channels.

Authority: Section 2, P. L. 85, 81st Congress; Sec. 4(h) of Commodity Credit Corporation Charter Act, as amended.

BASIS, 1953 ESTIMATE: The reduction in the estimated exchanges from $45,000,000 in 1952 to $15,000,000 in 1953 is caused by the anticipated reduction of domestic agricultural commodities available for this purpose.

SUPPLY AND FOREIGN PURCHASE PROGRAM

SUMMARY OF LATEST OPERATIONS:

Objective: To procure agricultural commodities in the United States and abroad to meet the needs of United States Government agencies (principally those administering relief programs abroad), cash-paying foreign governments, international relief agencies, and domestic requirements. The production or stockpiling of agricultural commodities under Sections 302 and 303 of the Defense Production Act of 1950 is also carried out under this program.

Operations: Procurement for this program is made during peak marketing seasons and is closely coordinated with the price support program to provide the maximum benefit to American agriculture.

Generally, purchases are made at the best price obtainable at either an announced price or on an offer-and-acceptance basis in quantities, although purchases may also be made under formal competitive bids.

Purchases for any claimant, other than a Federal Government agency, require (1) a firm requisition or a firm contract from the claimant and (2) a deposit with the Treasurer, Commodity Credit Corporation, of cash or its equivalent, or other acceptable financial arrangements. Purchases for Federal agencies require a written order constituting a firm obligation. Purchases may be made in advance of firm commitments and prior to deposit of cash only upon specific authorization of the Board of Directors when it is anticipated that no risk of loss is involved. In addition, the Board of Directors may authorize the purchase and stockpiling of commodities in the interest of national security.

Transfers to claimants are at prices designed to reimburse the Corporation for all costs incidental to carrying out this operation. Disposition through commercial channels, donations, or destruction are made in accordance with statutory requirements and authorized policy.

During fiscal year 1951 wheat, flour, soybeans, lard, rye, vegetable oils and milk consisted of the major part of the supply portion of this program. The Corporation also transported, stored, and disposed of Mexican canned meat obtained as a result of the Bureau of Animal Industry's foot-and-mouth disease eradication activities in Mexico.

Purchases for the foreign purchase portion of this program in fiscal year 1951 were limited to five commodities. Sugar purchases amounted to approximately 23 thousand tons, approximately 24 million pounds of frozen beef was purchased in Mexico, and 5 million pounds of wool were purchased. These purchases were made primarily for the Department of Defense for use in occupied areas and for countries participating in foreign aid programs.

The defense production program expected in fiscal year 1952 includes purchases of castor beans to encourage an increase in the national production; the stockpiling for defense needs of such commodities as American-Egyptian cotton, linseed oil, naval stores and tung oil; the purchase of American-Egyptian cottonseed to provide the necessary carryover stock; the development of a kenaf fiber industry capable of supplementing jute fiber and burlap imports; and the development of domestic production of sansevieria seed as a substitute for abaca and sisal which have direct military uses.

Authority: Commodity Credit Corporation Charter Act (62 Stat. 1070-1075, as amended by Public Law 85, 81st Congress; 15 U.S.C., Supp. II, 714,714c), particularly section 5(c); sections 303 and 304 of the Defense Production Act of 1950, as amended; and Executive Order No. 10161, as amended by Executive Order No. 10281.

BASIS, 1953 ESTIMATE: This estimate is based on the assumption that CCC will be purchasing a limited supply of agricultural commodities for the Economic Cooperation Administration, and for the Department of the Army for use in occupied areas in fiscal year 1953. The volume of purchases is expected to decline in fiscal years 1952 and 1953, as compared to 1951. Acquisitions in fiscal year 1951 were $220,773,297, as compared to estimated acquisitions of $131,086,071 in 1952, and $163,889,661 in 1953. About two-thirds of the total volume in fiscal year 1953 is in connection with programs under the Defense Production Act concerning strategic and critical materials, mainly castor beans, kenaf seed and fiber, long staple cotton and cottonseed, and sansevieria.

STORAGE FACILITIES PROGRAM

SUMMARY OF LATEST OPERATIONS:

Objective: To provide adequate storage facilities for CCC-owned and producer-owned commodities; to assist producers in financing the construction or purchase of suitable farm-storage facilities; to encourage the construction of needed commercial storage facilities; and to assist producers in financing the purchase of suitable mechanical driers to facilitate safe farm storage.

Operations: Bins and granaries were bought by the Corporation on an offer-and-acceptance basis and are located only in areas where it is determined that existing privately-owned storage facilities are not adequate. Storage units having a capacity of approximately 545 million bushels are now owned by CCC.

Storage use guarantees were made under agreements with commercial firms, including cooperatives, in order to encourage the construction of additional commercial storage facilities for farm commodities in areas where additional facilities are necessary. The guarantees made under the agreements are in the form of a guarantee as to the capacity that will be utilized or a guarantee as to the rate of earnings from storage in the new facility, or a combination of both. The Corporation fulfills the guarantee, either by actual storage of CCC-owned commodities, or by making a payment. Storage rates must not exceed the rate the Corporation is paying for comparable storage in the same area at the time the agreement is made. The offering of new storage agreements was discontinued February 28, 1951.

Recourse loans are made to producers, either through lending agencies or by the Corporation, for financing the construction or purchase of suitable farm-storage facilities. Loans are for a maximum period of about five years, payable in equal annual principal payments, with interest at the rate of 4 percent on the unpaid balance. The maximum amount to be loaned on any new farm-storage facility is 45 cents per bushel of capacity ($30 per ton of cottonseed capacity), provided that such maximum amount does not exceed 80 percent of the cost incurred. Loans are secured by chattel mortgage on the storage facility, real estate mortgage, deed of trust or other security instrument depending upon the type of structure and the amount of the loan. Any past due installment may be deducted and paid out of any amounts due the borrower on any program carried out by the Department of Agriculture.

Recourse loans are made to producers, either through lending agencies or by the Corporation, for financing the purchase of grain driers. Loans are for a maximum period of three years, payable in equal annual principal payments beginning January 31, 1951, with interest at the rate of 4 percent per annum on the

unpaid balance. The maximum amount to be loaned on any single drier is 75 percent of the delivered cost. Loans are secured by chattel mortgages. The Corporation may prepay, or require the borrower to prepay, the amount of any annual installment out of the proceeds from any price support loan or purchase agreement due the borrower within 12 months preceding the date on which the installment falls due. Any past due installment may be deducted and paid out of any amounts due the borrower on any program conducted by the Department of Agriculture.

Authority: Commodity Credit Corporation Charter Act (62 Stat. 1070-1075, as amended by Public Law 85, 81st Congress; 15 U.S.C., Supp. II, sections 714-714c), particularly sections 4(h) and 5(a) and (b).

BASIS, 1953 ESTIMATE: It is anticipated that the Corporation will offer loans for financing the construction or purchase of an estimated 25 million-bushel capacity farm-storage facilities during the fiscal year 1953. This will increase storage space at a time when steel for building commercial storage will be tight and will ease pressure on transportation facilities by providing storage near the point of production.

Claims covering guaranteed occupancy agreements are expected to amount to $1,250,000 in the fiscal year 1953.

The purchase of additional storage structures during fiscal year 1953 is not anticipated.

COMMODITY EXPORT PROGRAM

Under its Commodity Export Program, the Corporation may export or cause to be exported or aid in the development of export markets for agricultural commodities and products. The purpose of the program is to retain and expand foreign markets for agricultural commodities and products thereof produced in the United States and to aid in the disposal of agricultural commodities and products thereof excess to domestic needs. While only a wheat export program is reflected in the 1953 budget, it is entirely possible that other commodities may be exported or caused to be exported, should conditions develop which were not anticipated at the time the 1953 budget was prepared.

CCC WHEAT AND WHEAT FLOUR EXPORTS PURSUANT TO THE INTERNATIONAL WHEAT AGREEMENT

SUMMARY OF LATEST OPERATIONS:

Objective: To implement the International Wheat Agreement. The objective of the International Wheat Agreement is to assure supplies of wheat to importing countries and markets for wheat to exporting countries at equitable and stable prices.

Eligibility: Importing countries that have approved the International Wheat Agreement are eligible to purchase approximately 266 million bushels of wheat and wheat flour equivalent produced in the United States at specified prices. The wheat and wheat flour may be sold by the CCC or by commercial exporters.

Operations: There are two types of activities under this operation: (1) Sale of wheat acquired under the price support program and wheat and wheat flour acquired under the supply program which the Corporation determines to be eligible for recording against the guaranteed quantities of the U. S. Government and the importing countries under the International Wheat Agreement. Sales are made at prices not in excess of the maximum equivalent price provided in the International Wheat Agreement. Sales prices may be determined at the time of sale and in advance of the date of shipment. In addition, purchasers are charged for carrying charges and marketing costs as permitted under the International Wheat Agreement; (2) The Corporation is authorized to make payments to commercial exporters of domestic wheat and wheat flour processed therefrom in the United States pursuant to sales to participating countries which the Commodity Credit Corporation determines are eligible for entering in the records of the Wheat Council as sales against the guaranteed quantities of this country. The payments will be made on the basis of published announcements of the rate for the date or period of sale. Rates will be determined on the basis of the relationship between current domestic market prices and current prices equivalent to the International Wheat Agreement basic maximum price of $1.80 per bushel for No. 1 Manitoba Northern wheat in bulk at Fort William and Port Arthur.

Since the exact cost of operations under the agreement cannot be determined until the end of any fiscal year, the International Wheat Agreement Act of 1949 authorizes the Corporation to use its general borrowing authority to pay current obligations and then request the Congress to provide funds to reimburse the Corporation for any losses incurred under this program. Pending such reimbursement, the Corporation is authorized to establish the net costs of operations under the agreement as an account receivable.

Authority: Section 2 of the International Wheat Agreement Act of 1949 (Public Law 421, 81st Congress) and Commodity Credit Corporation Charter Act, as amended, particularly Sections 5(c) and (f) thereof.

BASIS, F.Y. 1953 PROGRAM: The budget estimate is based on the assumption that sales will continue to be based on the maximum Wheat Agreement price during fiscal year 1953. It is also assumed that all of the 1952-53 U. S. quota of approximately 253 million bushels will be exported. The net cost of such exports to the Government, including interest and administrative costs, is estimated at $185,000,000. Request for reimbursement to CCC for these costs will be contained in the 1955 budget estimates. The domestic price, converted to an f. o. b. ocean vessel basis and weighted according to the quantities expected to be exported from the various U. S. ports, is estimated to be $2.70½ per bushel. The weighted average price at which it is estimated wheat will be sold under the agreement is $1.98 per bushel. This average price is based on the maximum price of $1.80 per bushel for No. 1 Manitoba Northern wheat in store, Fort William/Port Arthur, Canada, converted to an f. o. b. ocean vessel basis U. S. ports adjusted to take account of quality differences between "Weighted average U. S. wheat" and No. 1 Manitoba Northern Wheat. Thus, the estimated cost under the International Wheat Agreement operation of 72½ cents represents the difference between the estimated domestic price and the maximum International Wheat Agreement price.

ADMINISTRATIVE EXPENSES, COMMODITY CREDIT CORPORATION

Appropriation Act, 1952	$16,500,000
Anticipated pay adjustment supplemental	1,080,000
Available, 1952 and base for 1953	17,580,000
Budget Estimate, 1953	17,876,000
Increase	+296,000

SUMMARY OF INCREASES AND DECREASES, 1953

Increase for cotton price support operations	+$684,810
Decrease in other price support activities	-148,810
Decrease in contingent reserve for price support operations	-240,000

PROJECT STATEMENT

Project	1951	1952 (estimated)	Increase or Decrease	1953 (estimated)
1. Price support program	$17,556,105	$14,877,000	+$536,000(1)	$15,413,000
2. Storage facilities program	1,022,811	860,000	- -	860,000
3. Commodity export program	15,194	16,125	- -	16,125
4. Subsidy program (in liquidation)	43,650	26,875	- -	26,875
Subtotal	18,637,760	15,780,000	+536,000	16,316,000
Contingency reserve for price support operations	- -	1,800,000	-240,000(2)	1,560,000
Unobligated balance	462,240	- -	- -	- -
Total pay adjustment costs	[- -]	[1,090,000]	[+64,219]	[1,154,219]
Total available or estimate	19,100,000	17,580,000	+296,000	17,876,000
Anticipated pay adjustment supplemental	- -	-1,080,000		
Total limitation or estimate	19,100,000	16,500,000		

INCREASES AND DECREASES

(1) A net increase of $536,000 for the price support program, as follows:

(a) An increase of $684,810 for cotton price support operations. Based on current crop estimates, loans on cotton are estimated to increase from 1.5 million bales in fiscal year 1952 to 2.5 million bales in fiscal year 1953. Delivery of cotton in settlement of loans is estimated to increase from 3 thousand bales in fiscal year 1952 to 100 thousand bales in fiscal year 1953. This increased program volume is based, primarily, on an estimated increase in production from 15.3 million bales for the 1951 crop to 16 million bales for the 1952 crop. (See table 3 for workload units and resulting costs)

(b) A decrease of $148,810 in other price support operations. It is currently estimated that grain inventories will decrease from 671 million bushels as of July 1, 1951 to 619 million bushels as of July 1, 1952. This estimated decrease in grain inventories is based, primarily, on larger

sales activities due to increased feeding requirements. The number of loans on commodities other than cotton are estimated to increase from 430,000 in fiscal year 1952 to 501,000 in fiscal year 1953. The overall workload, however, is estimated to be less in fiscal year 1953 than in fiscal year 1952. (See table 2 for workload units and resulting costs)

(2) A decrease of $240,000 in the reserve for price support operations:

The 1952 Appropriation Act provided a reserve of $2,500,000 for fiscal year 1952 to be used if substantial surpluses of basic commodities exist. This reserve has been reduced to $1,800,000 due to indicated cotton price support operations which would require additional administrative funds. It is estimated that a reserve of $1,560,000 will be adequate during fiscal year 1953 to handle price support operations which may exceed the budget estimates. Such a reserve will provide for an expansion of approximately 16 percent in the PMA Commodity Offices. No part of the reserve will be used except when workload for carrying out price support operations exceeds that indicated in the 1953 Budget Estimates.

ESTIMATED OBLIGATIONS AND DESCRIPTION BY FUNCTION

Function	1951 Actual	1952 Estimated	1953 Estimated
1. Program Formulation and Direction	$1,966,143	$1,356,900	$1,344,800
2. Fiscal, Transportation and Warehousing Services	1,257,842	953,100	944,400
3. Audit, Compliance and Investigation Services	1,106,916	970,700	961,800
4. Commodity Field Operations	11,960,754	10,075,300	10,640,000
Contingent Reserve for Price Support Operations	- -	1,800,000	1,560,000
Add: Transfers to Cooperating Agencies	2,368,912	2,424,000	2,425,000
Unobligated balance	462,240	- -	- -
Less: Miscellaneous Receipts	-22,807	- -	- -
Total pay adjustment costs	[- -]	[1,090,000]	[1,154,219]
Total Available or Estimate	19,100,000	17,580,000	17,876,000

Function 1.. Program Formulation and Direction

This function includes formulating the programs and program policies; developing the conditions of the various programs; providing for the dissemination of these conditions to producers and segments of industry involved; and determining and facilitating the means for managing and disposing of commodities acquired as a result of price support operation. Such operations are performed by the Board of Directors, Advisory Board, the Administrator of PMA, who is President of the Commodity Credit Corporation, and the Commodity Branches. This includes continuous economic and analytical and other related work required on announced programs.

The need for programs and the level of support must be predicated upon a sound economic basis and their impact upon our national economy must be analyzed carefully. It is necessary to make these analyses on those commodities involved in price support programs and keep under constant surveillance the whole area of competing and substitute commodities in order to assure that price support operations will not disadvantageously affect the prices and marketing of such competing or substitute commodities. (Actual operations in the field are carried out through the Commodity Field Offices. See Function 4)

Function 2. Fiscal, Transportation and Warehousing Services

These services include (1) determining overall fiscal accounting and price policy, (2) determining overall policy for custody, transportation and warehousing, and (3) assisting in the formulation of claims policies and procedures which insure the protection of the interests of the Corporation in the settlement of claims. Included herein is the technical supervision of these functions and the overall maintenance of the books and accounts of the Corporation.

These functions are performed by the Fiscal and Transportation and Warehousing Branches, and, in addition to providing operational data for the everyday management and conduct of the business, enable the Corporation to comply with the multitude of prescribed fiscal, transportation and property accountability laws and regulations.

Function 3. Audit and Compliance Investigations

This function is to determine whether the funds of the Corporation have been properly accounted for and its affairs properly administered; to detect fraud or program violations and assist in criminal or civil litigation.

During the fiscal year 1951, 735 audits relating to CCC were made at an average cost of $975 and 647 compliance investigations were made at an average cost of $584. Using the same cost factors, funds budgeted for these purposes during the fiscal years 1952 and 1953 will permit the completion of 544 audits and 565 investigations each year.

There are incalculable benefits derived from the factor of deterrence brought about through general knowledge that audits and investigations are being made. Specific recoveries to the Government during fiscal year 1951 as a result of this work were approximately $2,200,000 representing fines, penalties, recoveries, disallowed claims, and collections of loans.

Function 4. Commodity Field Operations

Through nine Commodity Offices the actual operations applicable to processing loans, acquisitions, dispositions and inventory maintenance of all commodities and programs are carried out.

The amounts required by the PMA Commodity Offices during the fiscal year 1953 were determined in the same manner as were the operating budgets for these offices during the current fiscal year. The method used during the current year was based upon the "Monthly Work Status Reports". This report reflects

the number of documents (freight bills, loading orders, notes, etc.) processed and the man-days required for such processing for each office. The program volume to be handled by each office was then translated into the number of documents to be processed during the fiscal year 1952. On the basis of the experience as reflected in the "Work Status Reports", the man-days required to process these documents were determined. This covered all of the expenses of these offices except funds used for fixed operating costs such as supervisory personnel and other objects of expenditure.

Table 1 reflects program volume and tables 2 and 3 reflect the conversion of the program volume to workload units and the resulting estimated costs for the Commodity field operations. This reveals that the Commodity field operation costs will be $564,700 higher in the fiscal year 1953 than in fiscal year 1952.

UNITED STATES DEPARTMENT OF AGRICULTURE
Production and Marketing Administration
COMMODITY CREDIT CORPORATION

Table 1 -- Summary of Commodity Estimates by Activity in Carlots
Fiscal Years 1952 and 1953
(Excludes Cotton)

	Fiscal Year 1952			Fiscal Year 1953			% Increase (+) or Decrease (-) 1953 Total Over 1952 Total
	Grains	Other Commodities	Total	Grains	Other Commodities	Total	
Loan Activity							
Loans Made	244,700	3,900	248,600	286,100	3,800	289,900	+17
Loans Repaid	179,800	3,800	183,600	174,500	3,700	178,200	-3
Loans Forfeited	80,900	-	80,900	134,300	100	134,400	+66
Loans Resealed	24,600	-	24,600	8,200	-	8,200	-66
Inventory Management							
On Hand Beginning of Fiscal Year	382,700	9,300	392,000	349,700	6,300	356,000	-9
Purchases	600	36,300	36,900	500	38,000	38,500	+4
Purchase Agreement Deliveries	22,900	-	22,900	17,700	-	17,700	-23
Loan Collateral Forfeiture	80,900	-	80,900	134,300	100	134,400	+66
Sales	137,400	39,200	176,600	128,000	39,700	167,700	-5
On Hand End of Fiscal Year	349,700	6,300	356,000	374,200	4,100	378,300	+6

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Table 2 - Basis for Commodity Field Operations
Administrative Expenses, Commodity Credit Corporation
Fiscal Years 1952 and 1953

Work Item No.	Activity	Unit of Measure	Production Rate per Man-Year	FISCAL YEAR 1952 No. of Units to be Processed	FISCAL YEAR 1952 Man-Years Required	FISCAL YEAR 1952 Cost	FISCAL YEAR 1953 No. of Units to be Processed	FISCAL YEAR 1953 Man-Years Required	FISCAL YEAR 1953 Cost
	COMMODITY FIELD OPERATIONS EXCEPT COTTON								
	PROGRAM ACTIVITIES - Direct Labor								
	I. Inventory Management								
	A. Storage and Maintenance								
	1. Commercial								
01	a. Storage Contract Negotiations	Contract Appli.	1,174	8,825	7.4		8,825	7.4	
02	b. Space Allocation	XXXX	-	-	5.9		-	5.9	
	c. Inspection								
03	(1) By Commodity Office	Exam. Report	183	7,628	41.5		7,628	41.5	
04	(2) By Com. Insp. Office	Insp. Request	2,819	23,375	8.3		22,937	8.1	
	d. Payment of Charges								
05	(1) Prov. Adv. or Part Pt.	Payment	4,333	17,693	4.1		17,693	4.1	
	(2) Periodic Payments								
06	(a) Bulk Commodities	Invoice	1,044	38,160	36.6		38,160	36.6	
07	(b) Other Commodities	Invoice	992	18,225	18.4		18,225	18.4	
08	(3) Loading Order Settlement	Loading Order	287	22,167	77.4		20,300	70.7	
09	(4) Other Services	Invoice	5,377	23,375	4.3		22,937	4.3	
	2. CCC-Owned Facilities								
10	a. Bin Purchases	Invoice	-	-	-		-	-	
11	b. Bin Install., Equip., & Maintenance	Expend. Document	1,931	5,266	2.7		5,266	2.7	
	B. Movements and Transfers								
	1. Delivery Instructions								
12	a. Loading Orders	Loading Order	470	22,167	47.3		20,300	43.2	
13	b. Notices to Deliver	Notice to Del.	365	8,578	23.5		8,522	24.2	
	2. Deliveries								
	a. Bills of Lading or Del. Rect.								
14	(1) Bulk Commodities	B/L or Del.Rect.	3,889	195,588	50.5		179,000	46.0	
15	(2) Other Commodities	B/L or Del. Rect.	2,088	25,733	12.3		26,466	12.7	
16	b. Whse. & Bin Acq. & Disp. Rpts.	Trans. or Rpt.	8,248	425,970	51.8		394,740	47.9	
17	3. Freight Payments	Freight Bill	3,237	248,270	76.9		230,450	71.2	
	C. Commodity Stocks on Hand								
	1. Commercial Storage								
18	a. Non-negotiable Whse. Rects.	XXXX	-	-	2.6		-	2.6	
19	b. Negotiable Whse. Rects.	XXXX	-	-	7.0		-	7.0	
20	2. CCC Storage	XXXX	-	-	7.3		-	7.3	
	II. Merchandising Activities								
	A. Purchase Activities								
21	1. Negotiation	Offer and/or Bid	365	2,009	5.5		2,032	5.6	
22	2. Payment	Vendor Inv.	1,984	8,940	4.5		8,940	4.5	
	B. Sales and Other Dispositions								
23	1. Negotiation	Offer and/or Bid	1,253	45,975	36.7		43,475	34.7	
24	2. Billing	Contract	1,749	18,390	10.5		17,390	9.9	
	III. Producer Transactions								
	A. Note Servicing								
25	1. Direct Loans	Note	2,349	70,500	30.0		80,100	34.1	
	2. Indirect Loans								
26	a. Recording	Note Copy	25,056	360,200	14.4		421,100	16.8	
	b. Safekeep. & prerecord. of collateral	Note	9,840	87,900	8.9		70,000	7.0	
27									
28	c. Purchases from Lending Agencies.	Note	8,535	230,500	27.0		269,500	31.6	
29	3. Besealments	Reseal Form	10,388	39,400	3.8		13,100	1.3	
	B. Note Liquidation								
30	1. Returned for Redemption	Collection Letter	5,090	250,200	49.2		223,100	43.8	
31	2. Recalled from Safekeeping	Note	9,448	64,600	6.8		42,000	4.4	
32	3. By Repayment	Cash Item per Note	7,543	275,400	36.5		267,300	35.4	
	4. By Forfeiture								
33	a. Warehouse Stored	Note	22,915	62,300	2.7		103,600	4.5	
34	b. Farm Stored	CL-7	3,184	84,200	26.4		139,700	43.9	
35	5. Producer's Equity Payments	Loan Examined	2,166	22,400	10.3		34,200	15.8	
36	C. Purchase Agreement Deliveries	CP-4	3,524	45,800	13.0		35,400	10.0	
	IV. Other Program Activities								
	A. Payments								
37	1. Commodity Export Program	Invoice	-	-	-		-	-	
38	2. International Wheat Agree.	Invoice	-	-	-		-	-	
39	3. Payments to Schools	Invoice	-	-	-		-	-	
40	4. Section 32 Diver. & Export	Invoice	-	-	-		-	-	
	B. Claims								
	1. Claims by PMA								
41	a. Determination	Claim Document	940	46,083	49.0		37,028	39.4	
42	b. Collection	Claim	1,618	43,318	26.8		34,800	21.5	
43	2. Claims Against PMA	Claim Document	496	117	0.2		117	0.2	
	C. Internal Post-Audit								
44	1. Payments to Carriers	Paid Freight Bill Voucher, Loan, or	26,883	248,270	9.2		230,450	8.6	
45	2. Payments to Producers	Settlement Doc.	-	-	-		-	-	
	D. Document Control								
46	1. Inventory Transactions	Block	5,220	273,133	52.3		256,000	49.0	
47	2. Merchandising Trans.	Block	2,793	50,833	18.2		49,095	17.6	
48	3. Producers Transactions	Block	4,880	137,700	28.2		157,400	32.3	
49	4. Other Program Trans.	Block	5,090	4,960	1.0		5,200	1.0	
50	E. Key Punch Activity	Card punched & verified	106,488	6,999,390	65.7		7,015,425	66.7	
51	F. Machine Activities	XXXX	-	-	66.2		-	66.6	
	G. Account Maintenance								
52	1. Ledger Posting	Postings	34,713	746,600	21.5		748,312	21.6	
53	2. Maintenance of Cost Rec.	XXXX	-	-	5.5		-	5.5	
54	3. Cash Receipt	Cash Item	17,435	142,011	8.1		130,437	7.5	
55	4. Reconciliation	Reconciliation	-	-	26.1		-	26.1	
	V. Program Reporting								
56	A. Regular Reports	Report	444	14,366	32.4		14,366	32.4	
57	B. Special Reports	Report	418	1,837	4.4		1,837	4.4	
	Total Program Activities	XXXX			1186.8			1165.5	
	ADMINISTRATIVE ACTIVITIES - Direct Labor								
58	I. Personnel Work	XXXX			7.7			7.7	
59	II. Administrative Accounting	XXXX			41.4			41.4	
60	III. Budget, Organization and Procedure	XXXX			38.9			38.9	
61	IV. Mail and Messenger	Pieces of Mail			23.2			23.2	
62	V. Other Administrative Activities	XXXX			44.4			44.4	
63	VI. Administrative Reporting	Report			6.3			6.3	
	Total Administrative Activities	XXXX			161.9			161.9	
	Total, All Direct Labor Less Leave	XXXX			1348.7	$4,778,860		1327.4	$4,766,495
	Leave				215.8	764,640		192.1	689,710
	Total All Direct Labor				1564.5	5,543,500		1519.5	5,456,205
	Total Indirect Labor				222.7	1,434,190		218.2	1,418,300
	Total All Labor				1787.2	6,977,690		1737.7	6,874,505
	Objects 02-15				-	1,429,854		-	1,438,887
	Total Commodity Field Operations except Cotton				1787.2	8,407,544		1737.7	8,313,392
	Total For Cotton Commodity Field Operations				260.0	1,194,220		442.0	1,879,030
	Miscellaneous Costs				79.8	473,505		72.3	447,545
	Total: Commodity Field Operations				2127.0	$10,075,269		2252.0	$10,639,967

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UNITED STATES DEPARTMENT OF AGRICULTURE
Production and Marketing Administration

COMMODITY CREDIT CORPORATION

Table 3 - Estimated Workload Units and Costs for Cotton Commodity Field Operations
Fiscal Years 1952 and 1953

Work Item No.	Activity	Unit of Measure	Production Rate per Man-Year	FISCAL YEAR 1952 No. of Units to be Processed	FISCAL YEAR 1952 Man-Years Required	FISCAL YEAR 1952 Cost	FISCAL YEAR 1953 No. of Units to be Processed	FISCAL YEAR 1953 Man-Years Required	FISCAL YEAR 1953 Cost
	PROGRAM ACTIVITIES-Direct Labor								
	I. Inventory and Loan Collateral Mgmt.								
01	A. Storage and Maintenance		3,263	29	-		1,200	.4	
	1. Commercial								
	a. Storage Contract Negotiation	Contract, Supplement, or Amendment							
02	b. Loan Storage Approvals	Warehouse	1,905	1,104	.6		1,200	.6	
03	c. Space Allocation	XXX							
04	d. Inspection	Inspection	1,436	1,261	.9		1,200	.8	
	e. Payment of Charges								
05	(1) annual or quarterly	Voucher	600	1,720	2.9		5,400	9.0	
06	(2) Reconcentrations	Voucher	1,931	10,272	5.3		28,000	14.5	
07	(3) Other Services	Voucher							
	B. Movements & Transfers								
08	1. Reconcentration Orders	Order	183	2,054	11.2		4,760	26.0	
09	2. Shipping Orders	Order	1,253	256	.2		5,100	4.0	
10	3. Preparation Orders	Order	13,911	80	-		1,870	.1	
11	4. Delivery Orders	Order	13,911	80	-		1,870	.1	
12	5. Freight Payments	Freight Bill	679	2,054	3.0		4,760	7.0	
13	C. Reconciliation	Warehouse	626	693	1.1		1,147	1.9	
	II. Merchandising Activities								
	A. Purchase Activities								
14	1. Negotiations	Contract							
15	2. Payment	Vendor Invoice							
	B. Sales & Other Dispositions								
	1. Sales								
16	a. Negotiation	Contract	104	100	1.0		384	3.7	
17	b. Billing	Invoice	104	200	1.9		768	7.4	
	III. Producer Transactions								
	A. Note Servicing								
18	1. Examination & Recording	Note	12,267	770,400	64.7		1,142,000	93.1	
19	2. Custodial Functions	Receipt	140,783	57,625	.4		94,325	.7	
20	3. Allocation of R/O Charges	R/O	183	2,003	11.0		5,600	30.6	
	B. Note Liquidation								
	1. Repayments								
21	a. FRB Custodian	Note	61,361	478,532	7.8		913,087	14.9	
22	b. No. Office Custodian	Note	12,972	21,571	1.7		41,160	3.1	
23	2. Pooling	Bale	93,283	-	-		100,000	.7	
	C. Purchase Agreement Deliveries								
24	1. Examining & Recording	Agreement							
25	2. Custodial Functions	Receipt							
	D. Pool Settlement								
26	1. Preparatory Work	XXX							
27	2. Debt Register Comparison	Schedule	1,279	532	.4		-	-	
28	3. Distribution	Note	27,196	143,808	5.3		-	-	
	IV. Other Program Activities								
	A. Payments								
29	1. Section 32 Diversions Export	Voucher							
	B. Claims								
	1. Claims by PMA								
30	a. Against Carriers	Claim	1,931	14,286	7.4		8,877	3.5	
31	b. Against Producers	Claim			1.3			1.3	
32	c. Against Warehouses, Vendors & Other	Claim	16	256	16.0		595	37.2	
33	2. Claims Against PMA	Claim	261	-	-		25	.1	
	V. Program Accounting Activities								
34	A. Document Control	Register	16,861	11,247	.7		17,520	1.0	
	B. Account Maintenance								
35	1. Ledger Posting	Journal	1,279	8,891	6.9		11,772	9.2	
36	2. Maintenance of Subsidiaries and Other Records	XXX			2.4			5.2	
37	3. Cash Receipt	Cash Item	39,150	1,527	.1		3,000	.1	
38	4. Reconciliation	Reconciliation	731	2,541	3.5		2,075	2.8	
39	C. Field Examinations	Examination	522	12	.3		25	.1	
	VI. Program Reporting								
40	A. Regular Reports	Report	157	175	1.1		175	1.2	
41	B. Special Reports	XXX	10	6	.6		13	1.3	
	VII. Miscellaneous Program Activities								
42	A. Lending Agency and Cooperative Association Agreements	Agreement	1,697	1,301	.8		2,600	1.5	
43	B. Witnesses and Clerks	Number	7,282	4,807	.6		9,600	1.3	
44	C. Program Preparation	XXX			2.1			5.0	
45	D. C & I Reports	Report	104	50	.5		100	1.0	
46	E. Other	XXX							
	Total Program Activities				163.7	531,206		290.4	943,500
	ADMINISTRATIVE ACTIVITIES - Direct Labor								
47	I. Personnel Work	XXX			1.2			2.4	
48	II. Administrative Accounting	XXX			1.9			3.6	
49	III. Budget, Organization & Procedure				1.2			2.4	
50	IV. Mail and Messenger	Pieces of Mail			5.2			9.8	
51	V. Other Administrative Activities	XXX			16.0			30.0	
52	VI. Administrative Reporting	Report			3.2			6.2	
	Total Administrative Activities				28.7	82,082		54.4	156,128
	Total Direct Labor Less Leave				192.4	613,288		344.8	1,099,928
	Leave				26.6	84,800		48.2	153,755
	Total Direct Labor				219.0	698,088		393.0	1,253,683
	Indirect Labor				41.0	230,132		49.0	275,380
	Objects 02-15				-	266,000		-	349,967
	Total Estimated Requirements				260.0	1,194,220		442.0	1,879,030

PMA OB 12/12/51

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Commodity Credit Corporation: Nothing in this Act shall be so construed as to prevent the Commodity Credit Corporation from carrying out any activity or any program authorized by law: **Provided**, That not to exceed [$16,500,000 (and the amount in the last proviso in this paragraph is increased to $2,500,000)] $17,876,000 shall be available for administrative expenses of the Corporation: **Provided further**, That $1,560,000 of this authorization shall be placed in reserve to be apportioned for use pursuant to section 3679 of the Revised Statutes, as amended, only in such amounts and at such times as may become necessary to carry out price support operations which are indicated to be in excess of the budget estimates for such operations; **Provided further**, That all necessary expenses (including legal and special services performed on a contract or fee basis, but not including other personal services) in connection with the acquisition, operation, maintenance, improvement, or disposition of any real or personal property belonging to the Corporation or in which it has an interest, including expenses of collections of pledged collateral, shall be considered as nonadministrative expenses for the purposes hereof: **Provided further**, That the Secretary of the Treasury is hereby authorized and directed to discharge indebtedness of the Commodity Credit Corporation to the Secretary of the Treasury by canceling notes issued by the Corporation to the Secretary of the Treasury in the amount of the capital impairment determined by the appraisal of June 30, [1950] 1951 (but not to exceed [$427,000,000] $120,000,000), pursuant to sections 1 and 4 of the Act of March 8, 1938, as amended (15 U.S.C. 713a-1,4) [: **Provided further**, That $1,000,000 of this appropriation shall be placed in reserve, to be apportioned for use pursuant to section 3679 of the Revised Statutes, as amended, only in such amounts and at such times as may become necessary due to the existence of substantial surpluses of the basic commodities requiring mandatory price support].

The first and third changes in language are proposed for the purpose of deleting reference to the reserve of $2,500,000 provided in the 1952 Act, and inserting, in substitution thereof and in lieu of the last proviso, a provision that $1,560,000 be placed in reserve to be used when price support operations are in excess of the budget estimates for such operations. The language in the 1952 Act provides that the reserve may be used only when there is an existence of substantial surpluses of the basic commodities requiring mandatory price support. However, there are about 23 commodities other than basics supported through loans and purchases. Under the present language, it would be impossible to use any of the reserve to handle surpluses on these commodities. The proposed language does not eliminate the overall limitation on funds but will aid the Corporation in meeting its price support responsibilities to producers and others promptly.

The second change in language reflects the current estimate of indebtedness of the Corporation as of June 30, 1951 to the Secretary of the Treasury to be discharged by cancellation of notes.

FEDERAL FARM MORTGAGE CORPORATION

Purpose Statement

The Federal Farm Mortgage Corporation (wholly Government-owned) was created by the Federal Farm Mortgage Corporation Act approved January 31, 1934 (12 U.S.C. 1020 et seq.) with the following authorities: finance Land Bank Commissioner loans, purchase Federal land bank bonds, make secured loans to Federal land banks, exchange its bonds for Federal land bank bonds, and obtain necessary funds through sale of its own bonds. Through these functions it provides a backlog of strength to the farm mortgage credit structure of the Nation in the event of an emergency serious enough to impair the availability of farm mortgage credit at reasonable rates and terms. The authority to finance Land Bank Commissioner loans is now exercised only in the liquidation and collection of existing Commissioner loans, authority to make new Commissioner loans having expired July 1, 1947. To carry out the aforementioned authorities the Corporation was capitalized at $200,000,000 subscribed for by the Governor of the Farm Credit Administration on behalf of the United States Treasury and given authority to issue and have bonds outstanding at any one time in an aggregate amount not to exceed $2,000,000,000.

Since July 1, 1947, the Corporation's primary function has been that of liquidating its assets. This has resulted in the return to the capital stock revolving fund of $199,990,000 capital, the payment of dividends into the General Fund of the Treasury of $68,000,000 in 1949, $17,000,000 in 1950, and $14,000,000 in 1951. The Corporation has no unmatured outstanding bonds and its borrowing authority has been reduced to $500,000,000. The $199,990,000 held in the capital stock revolving fund has been transferred to Treasury surplus, pursuant to the Department of Agriculture Appropriation Act, 1951.

The Corporation has no employees. The services and facilities of Farm Credit Administration, Federal land banks, and national farm loan associations are utilized in carrying out the functions of the Corporation.

	Estimated, 1952	Budget Estimate, 1953
Administrative expense limitation	$1,100,000	$950,000

Administrative Expenses

Appropriation Act, 1952, and base for 1953	$1,100,000
Budget Estimate, 1953	950,000
Decrease	-150,000

SUMMARY OF DECREASES, 1953

Reduction in reimbursements to the Federal land banks for servicing land bank commissioner assets	-149,500
Decrease in payments for services rendered by other Government agencies	-500

PROJECT STATEMENT

Project	1951	1952 (estimated)	Increase or Decrease	1953 (estimated)
1. Payment for administrative services:				
Federal land banks	$1,133,125	$1,094,700	-$149,500(1)	$945,200
Treasury of the United States	740	900	-300(2)	600
Federal Reserve Banks	737	650	-200(3)	450
General Accounting Office audit expense	-5,769	3,750	- -	3,750
Miscellaneous	3	- -	- -	- -
Subtotal	1,128,836	1,100,000	-150,000	950,000
Unobligated balance	151,164	- -	- -	- -
Total limitation or estimate	1,280,000	1,100,000	-150,000	950,000

DECREASES

The decrease of $150,000 in funds required for 1953 administrative expenses is composed of:

(1) A decrease of $149,500 in reimbursements to the Federal land banks for servicing land bank commissioner loans and other assets.

The Federal land banks, since the establishment of the Federal Farm Mortgage Corporation, have performed credit functions of the Corporation on a reimbursable basis. Since July 1, 1947, when the Land Bank Commissioner's lending authority expired, these functions involve only the servicing of outstanding loans and other assets for which each bank is reimbursed under a contract with the Corporation.

The 1953 contracts with the Federal land banks are estimated at $945,200, $149,500 less than the maximum of $1,094,700 set in the 1952 contracts. The estimate is based on estimated costs of the land banks and covers the servicing of 31,060 units. The liquidation of these assets, which are in all Farm Credit districts, will require continued servicing by the land banks.

(2) Decrease of $300 in reimbursements to the U. S. Treasury Department.

This is a decrease in the estimate of reimbursements to the Office of the Treasurer for checking account services and for the retirement of the Corporation's matured bonds.

(3) Decrease of $200 in reimbursements to Federal Reserve banks for handling the Corporation's matured bonds.

STATUS OF PROGRAM

Creation and Purpose - The Federal Farm Mortgage Corporation (wholly Government-owned) was created by the Federal Farm Mortgage Corporation Act approved January 1, 1934, (12 U.S.C. 1020 et seq.) with the following authorities: finance Land Bank Commissioner loans, purchase Federal land bank bonds, make secured loans to Federal land banks, exchange its bonds for Federal land bank bonds, and obtain necessary funds through sale of its own bonds. Through these functions it provides a backlog of strength to the farm mortgage credit structure of the Nation in the event of an emergency serious enough to impair the availability of farm mortgage credit at reasonable rates and terms. The authority to finance Land Bank Commissioner loans is now exercised only in connection with the liquidation and collection of existing Commissioner loans since the authority to make new Commissioner loans expired July 1, 1947.

Organization and Management - The management of the Corporation is vested in a board of directors, consisting of the Secretary of the Treasury or an officer of the United States Treasury designated by him, the Governor of the Farm Credit Administration, and the Land Bank Commissioner. The Corporation employs no personnel; instead it utilizes the services and facilities of the Farm Credit Administration, Federal land banks, and national farm loan associations to carry out its corporate functions for which the agencies are reimbursed by the Corporation at cost. The Federal Reserve banks and the Treasury Department perform certain fiscal services for the Corporation for which they are reimbursed.

Source of Funds:

1. Capital Stock - The Federal Farm Mortgage Corporation Act (12 U.S.C. 1020b) provided that the capital stock of the Corporation should be in the amount of $200,000,000 to be subscribed for by the Governor of the Farm Credit Administration on behalf of the United States. Under the authority of subsequent statutory enactments, the Corporation has repaid to the Secretary of the Treasury on behalf of the United States $199,990,000, leaving outstanding capital stock at June 30, 1949, of $10,000. The amount returned to the United States Treasury and held in a revolving fund, available for future subscriptions to the capital stock of the Corporation, pursuant to authority contained in the Department of Agriculture Appropriation Act, 1951, has been transferred to Treasury surplus.

2. Earned Surplus - The Corporation had earned surplus (before dividends) of $51,683,293 at the end of fiscal year 1951. The Corporation has declared and paid into the general fund of the Treasury dividends of $68,000,000 in 1949, $17,000,000 in 1950, and $14,000,000 in 1951. Further payments will be made as the Corporation's realizations from liquidations permit.

3. Borrowings - With the approval of the Secretary of the Treasury, the Corporation has authority to issue bonds which are fully and unconditionally guaranteed, both as to principal and interest, by the United States. The original authority permitted the Corporation to have bonds outstanding at any one time in an aggregate amount not to

exceed $2,000,000,000; however, this authority was reduced to $500,000,000 by the Government Corporations Appropriation Act, 1949. The Corporation had no unmatured bonds outstanding at June 30, 1951, and had funds on deposit with the United States Treasury to pay the $636,300 of matured bonds held by the public.

Type and Result of Operations:

1. Lending Program - During the approximate 18 years of the Corporation's operation to June 30, 1951, the Land Bank Commissioner made 679,748 mortgage loans in the amount of $1,217,877,286, of which $1,180,730,086 has been liquidated, including $942,460,928 repaid by borrowers. Additional credit was extended by the Corporation to farmers in the form of purchase money mortgages, real estate sales contracts, and notes receivable resulting from the acquisition and sale of real estate securing mortgage loans. At June 30, 1951, there remained to be liquidated $39,714,132 in assets consisting of 47,440 mortgage loans amounting to $37,147,200, and purchase money mortgages, sales contracts, notes receivable, other loans receivable, and real estate of $2,566,932. Thus, at the end of 18 years only 3.3 percent of the amount of the original loans remained outstanding.

2. Sale of Assets to Federal Land Banks - The Federal land banks are empowered under the act of June 30, 1945, to purchase mortgages and sales contracts from the Corporation; such transactions are subject to the borrower purchasing stock in the national farm loan association and to the loan limits applicable to Federal land bank loans. As of June 30, 1951, the banks had purchased 67,199 loans, purchase money mortgages, and contracts, amounting to $91,633,622.

3. Financing Program - During its period of operation the Corporation utilized all of its authorized capital stock of $200,000,000 and borrowed approximately $3,000,000,000 through the issuance of bonds to finance Land Bank Commissioner loans and to assist the Federal land banks through loans and the purchase of farm loan bonds.

4. Operating Results - The Corporation's income from all sources from the date of its inception to June 30, 1951, was $694,623,378; its expenses (including charge-offs and provision for future losses) amounted to $557,940,085, leaving a net income of $136,683,293.

5. Repayment of Loans - The amount of loan repayments during the fiscal year 1951 totaled $13,334,135; the estimated amounts to be repaid in 1952 and 1953 are $10,088,000, and $7,780,000, respectively. These repayments represent for 1951 approximately 25 percent of the loans outstanding at the beginning of the year, for 1952 approximately 25 percent, and for 1953 approximately 26 percent. The actual amounts of repayments may vary considerably from the amounts estimated since they will depend largely upon general agricultural and economic conditions existing during the respective years.

6. Net Income - The net income of the Corporation for the fiscal year 1953, before adjustment of reserves, is estimated at only $557,200 compared with $1,193,149 actual in 1951. Gross income in 1953 is

estimated at $1,630,900 compared with $2,467,445 in 1951, and total expense at $1,073,700 compared with $1,274,296. The ratio of expenses to earnings in 1953 shows a decided increase due to the steady reduction in the volume of interest-earning assets.

7. Disposal of Corporation's Mineral Interests - Pursuant to Public Law 760, 81st Congress, all mineral interests held by the Federal Farm Mortgage Corporation may be sold to private persons who apply therefor on and after December 5, 1950, and prior to September 6, 1957, (or 7 years from the date the mineral interests are acquired, whichever is later) and who at the time of application are the owners of the surface of the land. Applicants are required to establish at their own expense their title to the surface land.

In carrying out the authority contained in Public Law 760 the Corporation utilizes the services and facilities of the Farm Credit Administration and the Federal land banks, reimbursing the agencies at cost. However, the expenses incident to this program are treated as nonadministrative expenditures.

Summary of Operations - The actual operations for the fiscal year 1951 and estimated for 1952 and 1953 are summarized in the following table:

	Fiscal Year 1951 Actual	Fiscal Year 1952 Estimated	Fiscal Year 1953 Estimated
Funds Applied			
To make loans to farmers	$137,043	$150,000	-
To acquisition and improvement of acquired security or collateral	84,251	63,600	$43,000
To administrative expenses	1,128,836	1,100,000	950,000
To other operating expenses	148,745	128,400	123,700
To repayment of borrowings	205,100	163,000	104,000
To dividend payment to U. S. Treasury	14,000,000	10,000,000	-
To increase working capital	462,402	-	-
To increase in Treasury cash	-	583,400	8,320,800
	16,166,377	12,188,400	9,541,500
Funds Provided			
By repayments of principal of loans	13,334,135	10,088,000	7,780,000
By sale of acquired security or collateral	246,715	288,300	380,700
By income	2,308,641	1,732,200	1,293,200
By decrease of working capital	-	79,900	87,600
By decrease of Treasury cash	276,886	-	-
	16,166,377	12,188,400	9,541,500

FEDERAL FARM MORTGAGE CORPORATION
EXCESS CAPITAL STOCK

Ths balance of $199,990,000 in the revolving fund held in the Treasury available to the Governor, Farm Credit Administration, as authorized by the Federal Farm Mortgage Corporation Act, as amended (12 U. S. C. 1020 b), for resubscriptions to the capital stock of the Federal Farm Mortgage Corporation, was carried to the surplus fund of the Treasury in fiscal year 1951 pursuant to the General Appropriation Act, 1951.

FEDERAL INTERMEDIATE CREDIT BANKS

Purpose Statement

The 12 Federal intermediate credit banks were organized pursuant to the Agricultural Credits Act of 1923. They serve as banks of discount for agriculture and do not make loans directly to individuals or accept deposits of funds other than as collateral security. They discount agricultural and livestock paper for, and make loans to, financing institutions and farmers' cooperative associations to finance the seasonal production and marketing needs of farmers and stockmen. The banks are supervised by the Intermediate Credit Commissioner who is responsible to the Governor of the Farm Credit Administration. Each bank operates under the direction of a district Farm Credit board.

The Federal intermediate credit banks finance their lending activities primarily through the issuance and sale to the investing public of consolidated collateral trust debentures and by direct borrowing from commercial banks. The operating expenses, including interest costs, are paid from the income of the banks. The United States Government assumes no liability for the debentures or other obligations of the banks and that fact is required to be set forth on the face of their debentures.

The Government's capital investment in the banks at June 30, 1951 was $61,150,000, consisting of $5,000,000 of paid-in capital for each of the 12 banks and a total of $1,150,000 of paid-in surplus supplied to two of the banks late in 1951 out of the revolving fund of $40,000,000 created by section 15a of the Federal Farm Mortgage Corporation Act (12 U.S.C. 1131i(c)).

On November 30, 1951, the 12 banks had a total of 279 employees, all in the field.

	Estimated, 1952	Budget Estimate, 1953
Administrative expense limitation	$1,549,756	$1,690,000

Administrative Expenses

Appropriation Act, 1952	$1,496,000
Anticipated supplemental authorization for pay adjustments comparable to P. L. 201 (net pay costs of $55,000, less $1,244 savings under authorization included in above Act, representing estimated cost of examination of General Agents' offices to be excluded from administrative expenses and to be included in "Facilities and services furnished and examinations made by Farm Credit Administration", beginning with 1952)	+53,756
Base for 1953	1,549,756
Budget Estimate, 1953	1,690,000
Increase	+140,244

SUMMARY OF INCREASES, 1953

Program	+105,244
For pay adjustment costs	+35,000

PROJECT STATEMENT

Project	1951	1952 (estimated)	Increase or Decrease	1953 (estimated)
1. Discounting agricultural paper for, and making loans to, production credit associations, agricultural credit corporations, commercial banks, banks for cooperatives, and other financing institutions	$1,435,828	$1,549,756	+$140,244(1)	$1,690,000
Unobligated balance	60,172	- -	- -	- -
Total pay adjustment costs	[- -]	[55,000]	[+35,000]	[90,000]
Total available or estimate	1,496,000	1,549,756	+140,244	1,690,000
Anticipated pay adjustment supplemental	- -	-53,756		
Total appropriation or estimate	1,496,000	1,496,000		

INCREASES

(1) The increase of $140,244 is composed of the following:

(a) Increase of $105,244 consisting of $61,961 for additional employees (principally in the accounting, clerical and credit examiner groups) to analyze the large volume of loans offered for discount and to handle the increasing volume of transactions connected therewith, and $43,283 for related essential administrative facilities.

Credit extended by the banks amounted to $1,519,628,000 in 1950 and $1,923,697,000 in 1951; and is expected to reach $2,135,135,000 in 1952 and $2,312,140,000 in 1953. Additional personnel is neeced to maintain accounts and records currently and to disburse loan proceeds promptly so as to be available to farmers and stockmen at the time needed. Moreover, the credit problems encountered by the banks are growing more complex. Under current conditions, substantially larger amounts are required to finance a given volume of production than were needed when costs were at lower levels. These problems are intensified by short crops and crop failures in various areas, due to floods, insect infestations, droughts, and other adversities, and uncertainties as to future prices of commodities and livestock. Thus, it is increasingly important that the banks analyze loan and discount offerings carefully and thoroughly in order to protect the interests of investors in the debentures of the banks (for the payment of which the U. S. Government assumes no liability), to safeguard the Government's capital investment in the banks, and in order that the risk of loss may be held to a minimum without denying credit to those whose financial position and ability warrant such credit.

(b) Increase of $35,000 to place on a full-year basis in 1953 pay adjustments comparable to Public Law 201 which were in effect for only a part of the fiscal year 1952.

STATUS OF PROGRAM

Creation and Purpose - The 12 Federal intermediate credit banks were established pursuant to the Agricultural Credits Act, approved March 4, 1923 (12 U.S.C. 1021, 1022), to provide a permanent system which (through the sale in the investment markets of its obligations, which are not guaranteed by the Government either as to principal or interest), would obtain funds for the extension of seasonal credit to local lending institutions serving farmers and stockmen, and to farmers' cooperative associations, upon terms suited to their needs.

Management and Supervision - Each bank operates under its own corporate management and under the direction of a board of directors, composed of the members of the district Farm Credit Board, who are, ex officio, the directors of the four permanent credit units of each Farm Credit district. The operations of the banks are supervised by the Intermediate Credit Commissioner, who is responsible to the Governor of the Farm Credit Administration.

Source of Funds:

1. Capital Funds - The Government's capital investment in the intermediate credit banks at June 30, 1951, was $61,150,000, consisting of $5,000,000 of paid-in capital for each of the 12 banks (12 U.S.C. 1061) and a total of $1,150,000 of paid-in surplus supplied to two of the banks late in 1951, out of the revolving fund of $40,000,000 created in 1934 by section 15a of the Federal Farm Mortgage Corporation Act (12 U.S.C.1131i(e)). In view of the growing volume of business, it is anticipated that several of the banks will require a total of $2,000,000 of additional capital or paid-in surplus in the fiscal year 1952 to enable them to meet the credit needs of eligible borrowers within the 10 to 1 maximum debt-to-capital ratio permitted by law. (Of this amount $1,500,000 had been paid in to four of the banks by November 1, 1951.) No further increase for 1953 is now contemplated but future developments may necessitate additional investments in paid-in surplus.

2. Unreserved Surplus - The net income of the banks from organization to June 30, 1951, after payment of all expenses and other costs, and losses charged off, amounted to $48,736,475. Of this amount, $8,312,706 has been paid to the United States Treasury in franchise taxes and $13,075,000 has been transferred to the reserves for contingencies, leaving $27,348,769 as unreserved surplus.

3. Borrowings - The banks finance their lending activities primarily through the issuance and sale to the investing public of consolidated collateral trust debentures and by direct borrowings from commercial banks (12 U.S.C. 1041 et seq.), rather than through the use of appropriated funds. The banks are authorized also to rediscount eligible paper with the Federal Reserve banks; however, these facilities have not been used for a number of years. The aggregate amount of debentures and other similar obligations which may be outstanding on behalf of any bank may not exceed 10 times its surplus and paid-in capital (12 U.S.C. 1041). During the fiscal year 1951,

the peak ratio of such obligations to capital and surplus ranged among the banks from 4.5-to-1 to 9.3-to-1, and was 7.4-to-1 for the system as a whole, which is the highest ratio in the history of the banks.

(a) Debentures - Debentures are required to be secured by the assignment and deposit with Farm Loan Registrars of cash, notes, and other obligations representing loans and discounts, and United States securities, at least equal in amount to the amount of debentures outstanding. The United States Government assumes no liability for the debentures of the Federal intermediate credit banks and that fact is required to be set forth on the face of their debentures (12 U.S.C. 1043). The total amount of unmatured debentures outstanding at June 30, 1951, was $742,570,000.

(b) Notes Payable - When unexpected demands arise between monthly debenture sale dates, short-term loans are obtained from commercial banks on notes payable. The banks had $10,350,000 of such obligations outstanding at June 30, 1951.

Lending Operations:

1. Types of Credit - The Federal intermediate credit banks are agricultural banks of discount and do not make loans directly to individuals. They discount agricultural and livestock paper for, and make loans to, financing institutions and farmers' cooperative associations to finance the seasonal production and marketing needs of farmers and stockmen. Maturities of loans and discounts cover one production and marketing season, usually one year or less, and under the law may not exceed 3 years.

2. Eligible Borrowers - Eligible borrowing and rediscounting institutions include production credit associations, national and state banks, agricultural credit corporations, and livestock loan companies. The banks are authorized also to make certain classes of loans and advances directly to farmers' cooperative marketing and purchasing associations. Since the passage of the Farm Credit Act in 1935, however, loans to cooperatives ordinarily are made by the banks for cooperatives, which rediscount some of their loans with the credit banks or use them as security for direct loans from the credit banks.

3. Volume of Business - As banks of discount, the Federal intermediate credit banks do not initiate lending programs or promote a demand for services. It is the function of the banks, expressly authorized and clearly defined in the act, to finance eligible and acceptable paper in whatever volume may be offered by institutions qualified to receive credit from the banks. The volume of business thus is governed primarily by the demand for credit, which in turn, is a reflection of general agricultural and economic conditions, the volume of production needed, the level of production costs, crop and livestock yields, prices of agricultural commodities, and other

factors over which the banks have no control. At June 30, 1951, outstanding loans and discounts totaled $794,633,159, and consisted of $662,735,014 of credit to production credit associations, $88,883,145 to other agricultural credit corporations and commercial banks, $40,515,000 to banks for cooperatives, and $2,500,000 to cooperative associations.

Operating Data:

1. Lending Activities - The volume of credit to be granted during 1953 is estimated at $2,312,140,000, an increase of $388,443,000 or 20 percent, over the 1951 volume. The actual volume may vary substantially from the amount estimated, since the demand for credit is governed largely by conditions over which the banks have no control. The $1,923,697,000 of credit extended in 1951 was the largest in the history of the banks and 27 percent more than in 1950. Among factors contributing to the current trend in loan volume are continued high production costs, increased acreages of cotton and other crops planted pursuant to goals set by the Department of Agriculture, expansion in livestock production and pasture improvements, and an increasing number of loans to new borrowers offered to the banks. Substantially larger amounts are now required to finance a given volume of production than was needed when costs were at lower levels. The policies of the credit banks are in full harmony with the principles of the voluntary credit restraint program and the banks are cooperating actively in all efforts designed to increase needed production and at the same time to prevent speculative and inflationary extensions of credit.

2. Financing Activities - To finance lending operations during 1953 the credit banks expect to issue consolidated debentures and borrow from commercial banks for short periods a total of $1,378,850,000, or $334,840,000 more than in 1951.

3. Gross Income - The principal income of the banks is derived from interest earned on loans and discounts and income from investments in United States securities. Gross income from loans and discounts is estimated at $21,432,000 for 1953 compared with $12,720,187 earned in 1951. On December 1, 1951, the loan and discount rate was 2½ percent per annum in one bank, 2-5/8 percent in 2 banks, and 2-3/4 percent in the other 9 banks. Income from Unites States securities owned by the banks is estimated at $1,131,000 for 1953 compared with $1,100,562 in 1951.

4. Expenses - The principal expenses of the banks consist of interest on outstanding debentures and other borrowings, administrative expenses, and advances to Farm Credit Administration central office for services and facilities furnished and examinations made. All expenses of the banks are paid out of their income and not from funds appropriated from the U. S. Treasury. The budgets of the banks, and expenditures of funds thereunder, are authorized by the boards of directors of the several banks who are responsible for the conduct of the business of the banks. Interest and other costs on borrowed money are estimated at $18,314,600 for 1953 compared with

costs of $9,954,201 in 1951. The average rate of cost on debentures outstanding in 1951 was 1.67 percent per annum. Interest costs are estimated by the banks at 2.45 percent for 1953 for budget purposes but are subject to change as prevailing short-term rates fluctuate in the investment markets.

5. Net Income - Net income of the banks for 1953 is estimated at $2,231,900 compared with $2,223,098 earned in 1951. Out of the estimated net income for 1953 the banks expect to transfer $1,285,000 to the reserves for contingencies, pay franchise taxes of $236,700 to the United States Treasury, and transfer the remaining $710,200 to unreserved surplus.

Summary of Operations - Actual operations for the fiscal year 1951 and estimated operations for 1952 and 1953, which are set forth in greater detail in the printed budget, are summarized in the following table:

	Fiscal Year 1951 Actual	Fiscal Year 1952 Estimated	Fiscal Year 1953 Estimated
Funds Applied			
To make loans and discounts	$1,923,696,741	$2,135,135,000	$2,312,140,000
To repayments on borrowings	843,560,000	1,189,898,000	1,335,495,000
To operating expense:			
Interest and other money costs	9,954,201	16,542,400	18,314,600
Administrative expenses	1,435,828	1,549,756	1,690,000
Other operating expense	274,820	350,200	350,200
To increase in U. S. Govt. securities held (par)	500,000		
To franchise tax payable	299,525	113,600	236,700
To excess of par value over proceeds from sales of securities	1,823		
To increase working capital	1,126,124	5,044,451	1,298,600
	2,780,849,062	3,348,633,407	3,669,525,100
Funds Provided			
By repayments on principal of loans and discounts	1,720,252,872	2,076,427,000	2,268,053,000
By borrowings	1,044,010,000	1,250,343,000	1,378,850,000
By operating income	13,840,576	19,807,600	22,573,600
By nonoperating income	66,965	5,500	5,500
By discount on securities purchased	36,389	44,000	43,000
By surplus subscription U. S. Treasury	1,150,000	2,000,000	
By decrease of Treasury cash	1,492,260	6,307	
	2,780,849,062	3,348,663,407	3,669,525,100

Selected comparative data on the operations of the credit banks:

Item	June 30, 1949	June 30, 1950	June 30, 1951
Loans and discounts outstanding	$643,602,436	$591,189,290	$794,633,159
Loans and discounts made during year ended 1/	1,610,618,238	1,519,628,273	1,923,696,741
Unmatured debentures outstanding	598,440,000	543,925,000	742,570,000
Debentures issued during year	735,400,000	727,055,000	903,610,000
Franchise tax payable	260,666	393,660	299,525
Capital stock (owned by U. S. Government)	60,000,000	60,000,000	60,000,000
Surplus paid in	500,000		1,150,000
Reserve for contingencies	10,820,000	12,050,000	13,075,000
Unreserved surplus	25,269,215	26,450,196	27,348,769

1/ Includes renewals.

FEDERAL INTERMEDIATE CREDIT BANKS, REVOLVING FUND

This schedule (page 524) reflects funds available for investment in capital stock and paid-in surplus of the Federal intermediate credit banks (12 U. S. C. 1131 i (e)). The Budget schedule reflects obligations of $1,150,000 and $2,000,000 incurred in fiscal years 1951 and 1952, respectively.

PASSENGER MOTOR VEHICLES

The estimate provides for the replacement at a net cost of $1,100 of one passenger motor vehicle more than six years old. The continued use of five old vehicles is contemplated.

The automobiles are used by officers and employees of the banks in making and servicing loans and discounts, principally for travel to places which cannot be reached advantageously or economically by common carrier.

PRODUCTION CREDIT CORPORATIONS

Purpose Statement

The production credit corporations, one in each of the 12 Farm Credit districts, were established pursuant to the Farm Credit Act of 1933 (12 U.S.C. 1131 et seq.) to organize, provide supplemental capital to, and supervise production credit associations. The latter are local cooperative associations, 500 in number, providing a permanent source of short-term production credit to farmers and stockmen throughout the United States and Puerto Rico.

A revolving fund of $120,000,000 was established in the United States Treasury in 1933 for the capitalization of the production credit corporations (12 U.S.C. 1131b, 1131i). This was reduced to $90,000,000 in 1949 (P.L. 860 - 80th Congress) and with successive payments into the revolving fund starting voluntarily in 1944 only $39,235,000 remained as paid-in capital at June 30, 1951. Most of the original capital of the production credit associations was furnished by the corporations through the purchase of class A stock. However, the associations are designed to become entirely locally owned by their farmer members, and 190 associations had reached this goal by November 30, 1951.

Each corporation operates within its own financial structure under its district board of directors. One of the principal functions is the supervision of associations and this is designed to maintain their soundness and dependability. These associations in 1953 are expected to make about 317,000 loans for $1,425,000,000. At June 30, 1951, their 468,463 member stockholders had purchased and owned about $77,000,000 of the associations' capital stock.

On November 30, 1951, the 12 corporations had 166 employees (full-time equivalent), all in the field.

	Estimated, 1952	Budget Estimate, 1953
Administrative expense limitation	$1,407,015	$1,465,000

Administrative Expenses

Appropriation Act, 1952	$1,358,000
Anticipated supplemental authorization for pay adjustments comparable to P. L. 201 (net pay costs of $50,000, less $985 savings under authorization included in above Act, representing estimated cost of examination of General Agents' offices to be excluded from administrative expenses and to be included in "Facilities and services furnished and examinations made by Farm Credit Administration", beginning with 1952)	+49,015
Base for 1953	1,407,015
Budget Estimate, 1953	1,465,000
Increase	+57,985

SUMMARY OF INCREASES, 1953

Program	+42,985
For pay adjustment costs	+15,000

PROJECT STATEMENT

Project	1951	1952 (estimated)	Increase or Decrease	1953 (estimated)
1. Organizing, providing supplemental capital for, and supervising production credit associations	$1,346,984	$1,407,015	+$57,985(1)	$1,465,000
Unobligated balance	11,016	- -	- -	- -
Total pay adjustment costs	[- -]	[50,000]	[+15,000]	[65,000]
Total available or estimate	1,358,000	1,407,015	+57,985	1,465,000
Anticipated pay adjustment supplemental	- -	-49,015		
Total appropriation or estimate	1,358,000	1,358,000		

INCREASES

(1) The increase of $57,985 is composed of the following:

(a) An increase of $42,985 is proposed to strengthen the supervision of the production credit associations.

The 12 production credit corporations are responsible by law and regulations thereunder to supervise all phases of the operations of the 500 production credit associations within their respective districts, including the prescription of loan policies, annual examination of loans, prior approval of certain classes of loans, approval

of investments, approval of compensation of officers and employees, and prescription of interest rates and reserves. In 1953 these associations are expected to make 317,000 loans for $1,425,000,000, increases of 5% in number and 7% in amount over 1952. The increasing loan volume adds to supervisory responsibilities and workload, particularly in view of the need for seeing that the associations observe the policies of the Voluntary Credit Restraint Program, comply with Regulations W and X, continue to build adequate farmer-owned capital and reserves in relation to loan volume, and return Government capital as rapidly as possible.

(b) An increase of $15,000 to place on a full-year basis in 1953 pay adjustments, comparable to those made under P. L. 201, which were in effect for only a part of 1952.

STATUS OF PROGRAM

Creation and Purpose - Pursuant to the Farm Credit Act of 1933 (12 U.S.C. 1131 et seq.) the production credit system was organized to provide permanent credit facilities especially adapted to the short-term credit requirements of agriculture. The system includes 12 production credit corporations, one in each of the 12 Farm Credit districts, and 500 local production credit associations. The corporations were established to organize, provide supplemental capital for, and supervise local production credit associations which were to make loans to farmers and stockmen.

Management and Supervision - Each corporation operates under its own corporate management and under the direction of a board of directors, composed of the members of the district Farm Credit Board who are, ex officio, the directors of the four permanent credit units of each Farm Credit district. The operations of the corporations are supervised by the Production Credit Commissioner, who is responsible to the Governor of the Farm Credit Administration. The affairs of the production credit associations are administered under the direction of the respective boards of directors, generally of five members, elected by and from the membership of the associations. The associations are under the supervision of the production credit corporations and in turn the Farm Credit Administration.

Source of Funds:

1. Capital Stock - The Farm Credit Act of 1933 established a revolving fund of $120,000,000 in the United States Treasury for the purpose of purchasing the capital stock of the corporations, and the initial subscription for each corporation was fixed at $7,500,000. The revolving fund was used in its entirety from 1935 to 1944, except that $15,000,000 was returned to the Treasury in 1940 pursuant to a request by the President of the United States and was requisitioned again by the Governor from the fund in 1941. A voluntary program of returning capital to the revolving fund was begun in 1944. Annual repayments had reduced the outstanding capital from $120,000,000 to $81,635,000 at June 30, 1948. Pursuant to Public Law 860, 80th Congress, $30,000,000 of paid-in capital was returned to the surplus fund of the Treasury by the corporations during 1949 which reduced the total amount of the revolving fund to $90,000,000. Further repayments to the revolving fund through 1951 and as estimated for 1952 and 1953 will reduce the paid-in capital stock of the corporations to $33,735,000 at June 30, 1953.

2. Earned Surplus - After payment of all costs from organization to date, the earned surplus of the corporations at June 30, 1951, amounted to $16,200,750, or 41 percent of their paid-in capital. It is required that net earnings of each corporation shall be devoted to building a surplus fund of at least 25 percent of its paid-in capital (12 U.S.C. 1131c (c)); ten of the corporations had such a surplus at June 30, 1951.

Type of Operations - The principal functions of the corporations are to organize, provide supplemental capital for, and supervise production credit associations which make short-term loans to farmers and ranchmen for general agricultural purposes. The associations obtain most of their loan funds by discounting farmers' notes with, and by other borrowings from, the Federal intermediate credit banks. The corporations maintain substantial immediately available resources in the form of investments in the United States securities as a backlog of reserve strength in support of the entire system. These resources permit immediate increases in the investments in class A stock of production credit associations as needed to maintain sound credit service. Meanwhile these securities provide the corporations with income.

1. Organizing Production Credit Associations - Production credit associations, numbering 500, have been established to serve all of the United States and Puerto Rico (12 U.S.C. 1131c, 1131d).

2. Capitalizing Production Credit Associations - The initial capital of the production credit associations was provided by the district production credit corporations through the purchase of class A stock in the associations. As farmers and stockmen obtained loans, they were required to purchase capital stock (class B) in the local associations and it was intended, ultimately, that the capital stock originally provided by the production credit corporations would be retired in full and the associations would be wholly owned by their members. In addition to the capital stock purchased by members to qualify for loans, many farmers and stockmen have purchased extra stock and others have retained the stock after repaying the loans. At June 30, 1951, farmers and stockmen owned $77,094,902, or 85.9 percent, of the total capital stock of the associations. Circumstances have arisen and will arise in the future where substantial capital investments by the corporations must be made immediately to provide the associations with an adequate capital structure to permit obtaining loanable funds necessary to maintain credit service. (For further information, see Table C)

3. Supervising Production Credit Associations - The 12 corporations are responsible in their respective districts for all phases of the supervision of the 500 associations. The corporations establish the basic policies under which association loans are made and must approve each loan which exceeds 20 percent of the associations' capital and guaranty fund and all loans to association officers and directors. In guiding the associations in building sound local credit institutions, the corporations emphasize (1) sound and constructive credit service to farmers throughout the respective territories; (2) avoidance of loans which would add to inflation; (3) efficient, economical, and sound operations; (4) adequate reserves; (5) member ownership of the associations; (6) training; and (7) decentralization of responsibilities. The policies of training and decentralization have enabled the corporations to reduce staffs over one-third since 1940 and function with relatively small staffs, a majority of whom are working directly with the association directors and officers largely through contacts at the association offices and occasional group meetings for neighboring associations. In these 500 associations

operating through about 1500 offices and handling a billion and a quarter dollar loan volume annually, new problems are continually arising, many of which are of major significance accentuating the need for adequate supervision. In combating inflation, the associations are subject to the selective credit controls of Regulations W and X, and follow the Voluntary Credit Restraint Program sponsored by the Federal Reserve system for guidance of commercial banks, insurance companies, and other lenders.

Operating Data - The 1953 estimates reflect the increasing demand on the associations for credit. This demand, coupled with inflationary tendencies generally, important shifts in agricultural production, and the need to deal effectively with problem loans and to minimize credit losses, is creating new problems in maintaining sound and constructive credit service to association members and qualified applicants seeking credit.

1. Administrative Expenses - Experience has demonstrated that if the associations are to maintain a dependable credit service and continue to make progress as a group toward complete member-ownership, supervision by the corporations must be adequate to enable them to determine weaknesses in the early stages and to apply corrective measures promptly. For a summary of personnel requirements and administrative expenses, together with comparative workload data, see Table B.

2. Investment in Class A Stock of Production Credit Associations - Because of the anticipated increases in locally owned capital and reserves of the production credit associations and the desire of the membership to become completely locally owned, it is estimated that associations will retire stock owned by the corporations in the amounts of $5,216,000 in 1952 and $3,555,000 in 1953, with additional investments required of $2,000,000 and $1,000,000, respectively, in these years. This is expected to reduce the corporations' total investment in class A stock of the associations to $6,885,500 at June 30, 1953.

3. Retirement of Capital Stock - Repayments to the revolving fund are estimated at $3,000,000 in 1952 and $2,500,000 in 1953. Such payments will reduce the paid-in capital of the corporations to $33,735,000 at June 30, 1953. There is no adequate basis for measuring the ultimate long-term capital and surplus needs of the production credit corporations until the system has weathered a period of falling or continued lower prices for farm products; however, past experience in agricultural credit has demonstrated the need in such a system for a strong capital structure and the availability of supplemental capital for temporary periods to meet sharp increases in demand for credit or other emergencies.

Table A

Summary of Operations - A summary of actual operations for the fiscal year 1951 and estimates for 1952 and 1953, which is set forth in greater detail in the printed budget, is given in the following table:

	Fiscal Year 1951 Actual	Fiscal Year 1952 Estimated	Fiscal Year 1953 Estimated
Funds Applied			
To investment in class A stock of production credit associations	$90,000	$2,000,000	$1,000,000
To administrative expenses	1,346,984	1,407,015	1,465,000
To other operating expense	239,438	272,300	272,300
To excess of par value over proceeds from sales of United States securities	14,155		
To return of U. S. Government investment to U. S. Treasury	3,000,000	3,000,000	2,500,000
To increase in U. S. securities held (par)	1,947,950	50,000	
To increase in Treasury cash	10,000		
	6,648,527	6,729,315	5,237,300
Funds Provided			
By retirement of class A stock investment in production credit associations	5,499,350	5,216,000	3,555,000
By operating income	1,115,226	1,160,700	1,169,700
By decrease in working capital	33,143	342,615	16,600
By discount on securities purchased	808		
By decrease in United States securities held (par)			496,000
By decrease in Treasury cash		10,000	
	6,648,527	6,729,315	5,237,300

Table B

The following table is a summary of the personnel and administrative expenses as estimated for 1953, together with pertinent comparative data:

	1940 actual	1940 actual converted to 1951 salary and price levels 1/	1952 estimate	1953 estimate
Total personnel for 12 PCC's (man-years)	294		172	187
Total salaries	$881,575	$1,630,914	$1,019,377	$1,056,293
Total travel expense	$190,257	$351,975	$182,400	$184,900
Total administrative expenses	$1,345,783	$2,489,698	$1,407,015	$1,465,000
Total administrative expenses per $100 of loans made by PCA's	$0.41	$0.76	$0.11	$0.10
Number of loans made by PCA's	229,566		302,000	317,000
Amount of loans made by PCA's	$328,000,000		$1,332,000,000	$1,425,000,000
Estimated number of advances and repayments on these loans	1,850,000		2,718,000	2,853,000
Number of PCA offices, including full- and part-time field offices	1,071		1,548	1,548
Number of PCA directors	2,645		2,525	2,525
Number of PCA employees (man-years)	2,890		3,269	3,356

1/ On basis of Bureau of Labor Statistics cost-of-living index which is currently running at 185 (April and May 1951) with 1940 being 100.

Table C

The following table relates to the function of the production credit corporations in capitalizing production credit associations and shows the loan volume of production credit associations in relation to (1) capital and reserves of the associations and (2) the capital and surplus of the production credit corporations invested in or available for investment in capital stock of the associations.

	1945 actual	1951 actual	1953 estimate
Amount of loans made by PCA's	$500,305,170	$1,222,213,553	$1,425,000,000
Amount of loans outstanding - June 30	266,712,538	681,998,094	800,000,000
Capital and reserves of PCA's:			
Capital stock owned by PCC's	55,700,485	12,656,500	6,885,500
Capital stock owned by members	31,232,224	77,094,902	90,000,000
Reserves	33,598,340	69,436,599	83,000,000
Total	120,531,049	159,188,001	179,885,500
Capital and surplus of PCC's:			
Paid-in capital	108,300,000	39,235,000	33,735,000
Surplus	12,716,436	16,200,750	15,079,335
Total	121,016,436	55,435,750	48,814,335
Use of PCC capital and surplus - June 30:			
Invested in class A stock of PCA's	55,700,485	12,656,500	6,885,500
Invested in United States bonds	64,233,250	41,882,906	41,401,706
Other	1,082,701	896,344	527,129
Total	121,016,436	55,435,750	48,814,335

Note: A fund of about $41,000,000 in United States bonds held by the production credit corporations for immediate use in capitalizing production credit associations if needed and justified is not a large amount relative to the volume of association loans and the possible further increased needs of farmers for credit, and adverse developments which might occur.

FARM CREDIT ADMINISTRATION, REVOLVING FUND

This schedule (page 518) reflects funds available for the capitalization of the production credit corporations (12 U. S. C. 1131 b, 1131 i). The Budget schedule reflects balances available for obligation as follows: fiscal year 1951, $50,765,000; fiscal year 1952, $53,765,000 and fiscal year 1953, $56,265,000.

PASSENGER MOTOR VEHICLES

The estimates provide for the replacement of four passenger motor vehicles at a net cost of $4,200. Two automobiles will have mileage in excess of 60,000, and two will be over six years old at the time of replacement. The continued use of 28 old vehicles is contemplated.

The automobiles are used by officers and field employees in carrying out the corporations' supervisory responsibilities over the production credit associations, principally for travel to association offices and, as required, to other points of duty such as the farms of association directors and borrowers.

SUBSCRIPTIONS TO CAPITAL STOCK, FEDERAL LAND BANKS, REVOLVING FUND, OFFICE OF THE SECRETARY, TREASURY DEPARTMENT

The total amount of $125,000,000 in the revolving fund appropriated to the Office of the Secretary, Treasury Department, as authorized by the Federal Farm Loan Act, as amended (12 U. S. C. 698), for subscriptions to the capital stock of the Federal Land Banks, (page 522), was carried to the surplus fund of the Treasury in fiscal year 1951 pursuant to the General Appropriation Act, 1951.

RESEARCH ON STRATEGIC AND CRITICAL AGRICULTURAL MATERIALS

Purpose Statement

The Strategic and Critical Materials Stock Piling Act of July 23, 1946, in section 7(b), authorizes and directs the Department of Agriculture to make scientific, technologic, and economic investigations of the feasibility of developing domestic sources of supplies of any agricultural material or substitutes for such materials determined by the Munitions Board to be strategic and critical. This appropriation is for the purpose of enabling the Department to carry out its responsibilities under that Act.

This program is administered by the Agricultural Research Administrator. The Munitions Board, however, recommends or approves investigations to be undertaken. Funds are allotted to those research agencies of the Department which are best equipped to carry out the investigations required.

Investigations are at present being conducted on rubber, tannin, vegetable oils, and materials for cordage.

	Estimated, 1952	Budget Estimate, 1953
Appropriated funds	$582,000	$625,000

Appropriation Act, 1952	$550,000
Anticipated pay adjustment supplemental	32,000
Base for 1953	582,000
Budget Estimate, 1953	625,000
Increase	+43,000

SUMMARY OF INCREASES AND DECREASES, 1953

Decrease to eliminate non-recurring provision in 1952 Appropriation Act for completion of pilot plant facilities for tannin extraction	-50,000
For initiating pilot plant scale investigations on the extraction of tannin from canaigre	+54,800
For expanding production research on fiber plants for cordage and for jute substitutes	+38,200

PROJECT STATEMENT

Project	1951	1952 (estimated)	Increase or decrease	1953 (estimated)
1. Research on domestic production of natural rubber	$209,691	$225,300	- -	$225,300
2. Investigations of domestic production of vegetable tannins	87,594	103,000	+$4,800(1)	107,800
3. Investigations on vegetable and animal fats and oils	33,338	188,500	- -	188,500
4. Investigations on fiber plants	60,614	65,200	+38,200(2)	103,400
Unobligated balance	7,763	- -	- -	- -
Total pay adjustment costs	[- -]	[32,600]	[+7,500]	[40,100]
Total available or estimate	399,000	582,000	+43,000	625,000
Anticipated pay adjustment supplemental	- -	-32,000		
Total appropriation or estimate	399,000	550,000		

INCREASES

(1) A net increase of $4,800 under the project "Investigations of domestic production of vegetable tannins", consisting of:

(a) A decrease of $50,000 to eliminate non-recurring provision in 1952 Appropriation Act for completion of pilot plant facilities for tannin extraction at the Eastern Regional Research Laboratory (Bureau of Agricultural and Industrial Chemistry). These facilities will be completed in the fiscal year 1952.

(b) An increase of $54,800 for conducting pilot plant scale investigations on the extraction of tannin from canaigre (Bureau of Agricultural and Industrial Chemistry)

Need for Increase: During the fiscal years 1951 and 1952, funds have been provided to modify existing facilities at the Eastern Regional Research Laboratory, Wyndmoor, Pennsylvania and for purchase and installation of semi-commercial scale extraction and concentration equipment. The Munitions Board has recommended that chemical engineering studies be initiated at the new pilot plant installation to adapt a recently developed non-conventional tannin extraction process to large scale operations. Vegetable tannin extracts (chestnut, quebracho, and wattle) are on the current list of strategic and critical materials for stockpiling. They are essential for the production of leather, which is one of the critical war materials as well as an essential in civilian life. The average annual consumption of vegetable tannins is about 200 million pounds, of which more than two-thirds is imported. Of the remaining one-third of the vegetable tannins used, chestnut wood represents the principal domestic source, approximately 90%. The supply of this latter material is being rapidly depleted since practically all commercial stands of the chestnut tree have been killed by blight, eliminating the possibility of any future increases in tannin from this source. The nation is, therefore, becoming increasingly dependent on foreign sources for tannin supplies. It is extremely important that studies be initiated to expedite the development of new domestic sources of tannin.

For several years domestic sources of vegetable tannins have been sought. Barks and a wide variety of plants have been studied. Canaigre, a perennial native of the Southwestern states, produces a root containing 20% to 25% of tannin. Unfortunately the root also contains 20% starch, the presence of which interferes with the use of the extract for tanning. A satisfactory laboratory scale method of overcoming this difficulty has been developed and sufficient canaigre tannin extract produced for small-scale tanning tests. However, the process must be studied on a semi-commercial scale to better evaluate its suitability.

Plan of Work: Chemical engineering studies would be conducted in the pilot plant in order to adapt this new and nonconventional tannin extraction process to large scale operations. This work would make available

data on yields and costs of the process, and possible credits as returns of the byproducts. In addition, a quantity of the canaigre tannin sufficient for necessary semi-commercial tanning tests using the canaigre in blends would be available.

(2) An increase of $38,200 under the project "Investigations on fiber plants" for expanding production research on fiber plants for cordage and for jute substitutes (Bureau of Plant Industry, Soils, and Agricultural Engineering).

Need for Increase and Plan of Work: The Munitions Board has recommended that the Department's current efforts on research and development of kenaf, sansevieria, hemp, and other fiber yielding plants be expanded and expedited to a point that commercial production of cordage materials and jute substitutes from these plants could be quickly accomplished in a war emergency. In the past, the United States has found it necessary to depend primarily upon other nations as the source of these materials, a dangerous and costly practice.

Kenaf is a soft-fiber plant with a fiber which can be used for the same things as jute, such as sacking, twines, caulking materials and carpet yarn. At present practically all jute and jute burlap comes from the Far East areas to which access may become increasingly uncertain. Kenaf is a favorite substitute for jute since it can be grown under a wide range of soil and climatic conditions and is adapted to machine processing. The plant is grown commercially in India and Pakistan and to a limited extent in the Western Hemisphere, primarily in Cuba, where some fiber has been produced on a commercial scale and where there is a pioneer development of a mechanized industry. Recently, at the request of the Munitions Board, a program for the production of kenaf in the Western Hemisphere on a commercial scale has been undertaken by the Production and Marketing Administration. The program operates mostly in Cuba and Florida. Its primary purpose is to grow sufficient seed for the initiation, if necessary, of an emergency large scale production program, and also to gain experience in the processing of the fiber. About 2,500 acres of kenaf are now being grown in Southern Florida. Tests have shown that the plant can be grown throughout the Southern States on the better soils.

In 1951, an unidentified disease, first discovered in Cuba in 1950, became widespread in kenaf plantings in Cuba and in Florida. It stunts and finally kills the plant. No control measures are known. Research is needed to discover how the disease spreads, and to determine control methods. Breeding investigations should be directed toward the selection or development of varieties not only resistant to this new disease, but also to other diseases and nematodes which are known to attack kenaf. Studies also would be initiated to determine optimum cultural practices, planting and harvesting dates, seeding and harvesting methods, fertilizer and soil requirements, etc., for the production of fiber and seed.

Retting experiments would be conducted to develop methods which will produce high quality fiber. Techniques would be adapted and chemical retting methods would be studied in addition to water retting. The fiber produced as a result of these studies would be tested in the laboratory.

Sansevieria which is adapted for field production in Florida, produces a fiber which makes an excellent rope. Tests by the Navy show it to be the best domestic substitute for abaca. Studies are being conducted in Florida on breeding, cultural, and fiber cleaning practices and on fiber quality. The Munitions Board has recommended the development and production of sansevieria in Florida on a demonstration basis. The success of this effort will depend to a large extent upon the development of a practical harvester which would demonstrate to prospective growers that a sansevieria crop can be grown on a competitive basis with other crops of the area. The relatively high cost of harvesting sansevieria has been one of the primary problems hindering the successful commercial production of this fiber in the United States. Investigations under this proposed increase would therefore be concerned with the development of a harvester which would minimize hand labor and decrease production costs.

Hemp fiber is used for making strong, durable twines and ropes, and is a crop which is adapted for suddenly expanded domestic production on a large scale. There has been considerable criticism, however, of the quality of hemp fiber produced in the United States. This is due to growing hemp on soils high in nitrogen and to present retting methods. Hemp retting in the United States has been done by "dew retting," where the stems are spread in the fields to be acted upon by microorganisms. The organisms require moisture which is furnished by dew and rain. Because of non-uniform retting and the uncertainty of weather conditions favorable for retting, a relatively poor quality of hemp has been produced. In Europe and South America, hemp is retted in tanks of water where conditions can be controlled, thereby producing hemp of higher quality. This type of retting should be studied for use in the United States. Hemp fibers from the retting studies as well as from the agronomic investigations would be tested in the laboratory for quality.

CHANGE IN LANGUAGE

The estimates include a proposed change in the language for this item as follows (deleted matter enclosed in brackets):

For expenses necessary to enable the Secretary to carry out his responsibilities under section 7 (b) of the Strategic and Critical Materials Stock Piling Act of July 23, 1946 (50 U.S.C. 98f), [$550,000: Provided, That this appropriation shall be subject to applicable provisions contained in the item "Office of Administrator, Agricultural Research Administration"] $625,000.

This change is for the purpose of deleting language included in the 1952 Agricultural Appropriation Act with reference to the applicability of the provisions contained under "Salaries and expenses, Office of Administrator, Agricultural Research Administration" to this appropriation item which was included in a separate title (Title II - Special Activities) in the 1952 Act. The 1953 Budget carries this item along with all the other appropriations of the Agricultural Research Administration. Should this item again be separated from the appropriation for the Agricultural Research Administration, the language proposed for deletion here should be restored.

STATUS OF PROGRAM

This appropriation enables the Department of Agriculture to carry out its responsibilities under the Strategic and Critical Materials Stock Piling Act of July 23, 1946. This Act authorizes and directs the Department to make scientific, technologic, and economic investigations of the feasibility of developing domestic sources of supplies of any agricultural material or substitutes for such materials determined by the Munitions Board to be strategic and critical. Investigations are undertaken only upon recommendation of the Munitions Board.

Current activities include research on domestic rubber production, tannin, strategic oils, and fiber plants, as follows:

1. Rubber production investigations are carried on in California and Texas to develop new strains of guayule by hybridization, selection, and testing which will increase the yield of natural rubber; and to test means of quickly and inexpensively establishing field stands of guayule. In California investigations are carried on to develop the best methods of recovering rubber from the guayule plant, and to develop improved methods for the deresination of such rubber.

2. Tannin investigations are at present devoted to the possible production of tanning materials from crops that can be produced in the United States, with special reference to canaigre and sumac. Production problems encountered in growing these crops on a semi-commercial scale are being studied. Equipment and layout for the pilot plant for large-scale preparation of canaigre tanning extract have been designed and installation of equipment is currently under way.

3. Current work on strategic oils is devoted to problems encountered with the expansion of the production of castor beans into new areas to meet the increased demands for castor oil; to the development of superior varieties adapted to growing and mechanical handling in new areas of production; and to the development from domestic oils of substitutes for those strategic uses which now require castor oil.

4. Studies in the field of strategic cordage are directed toward problems encountered in developing the domestic production of hard fibers and hard fiber substitutes (sansevieria, phormium, and hemp) that can be used for such purposes as lines and ropes on naval vessels, and of kenaf, a soft fiber with qualities similar to jute.

Selected Examples of Recent Progress

1. Further tests on the very vigorous interspecific hybrids reported in previous years have confirmed their outstanding yields in comparison with the best strains of straight guayule. Several of these selected hybrids have been back crossed to guayule. Preliminary tests in the greenhouse of the progeny of such back crosses indicate that the per cent of rubber has been increased while retaining the vigor of the wild stramonium parentage. Field tests will be initiated as soon as the seed supply has been increased.

2. A continuous pilot plant tube milling installation for the recovery of resinous guayule rubber was completed and several signigicant improvements over conventional factory methods were successfully demonstrated. This equipment has made possible the production of sufficient quantities of high quality resinous rubber for subsequent deresination for tire fabrication and testing.

3. A semi-pilot batch procedure for deresinating the resinous guayule rubber was developed. This method was used in conjunction with the continuous tube pebble milling to produce experimental lots of deresinated rubber for evaluation as a supplement to or replacement for Hevea rubber in heavy duty truck and passenger car tire carcasses manufactured under a contract between the Office of Rubber Reserve and several tire manufacturers. Evaluation studies of these tires are being conducted by the test fleet of the Office of Rubber Reserve. Tests have now gone over 35,000 miles and indicate that the 100% deresinated guayule tires are equal in durability to the 100% hevea tires. Additional tests by the Office of Rubber Reserve are planned with heavy-duty truck tires made by another tire manufacturer and, also, tests will be conducted on passenger tires.

4. Irrigation tests with canaigre for the domestic production of vegetable tannins in Arizona and New Mexico indicate that because of its winter growing habit and relatively low water requirement it may have special value as a crop in areas where the supply of irrigation water is limited. Less than 2 acre feet of water seems to be sufficient for maximum yields, and even smaller amounts may produce fair yields if irrigations are properly timed. New pilot plantings were made in 1950 in Pinal County, Arizona in areas where supplies of irrigation water are often a limiting factor for crop production and additional plantings in other areas will be made in the fall of 1951.

5. Cultural practices for canaigre have been improved by utilizing and adapting available types of planting, cultivating and harvesting equipment. Precise standards for seed distribution, depth of planting and moisture requirements to produce uniform stands have been determined and farm tools have been adapted to production of canaigre. A new method of harvesting, patterned after standard methods of digging potatoes, was developed and 75 tons of roots were dug at Yuma, Arizona. A more rugged type of potato harvester has been modified and tested for use in harvesting the acreage in the fall of 1951. The large volume of roots from these harvests will greatly facilitate more extensive semi-commercial and pilot plant canaigre tanning tests conducted by the Bureau of Agricultural and Industrial Chemistry and other cooperating agencies.

6. Research on castor bean production has paved the way for the rapid expansion of domestic production of castor beans, from 9,000 acres in 1950 to approximately 80,000 acres in 1951. Acceptable varieties of castor beans have been developed and, by extensive testing programs carried out in cooperation with the State agricultural experiment stations and private concerns, suitable areas for production have been located in Oklahoma, Texas, Arizona, and California. Foundation stock of USDA #74, a superior variety released to growers in 1950, was increased and several hundred pounds of seed made available for the 1951 program. Other improved varieties developed by the breeding program are being tested at some 50 locations. Agronomic information developed on date of planting, depth of planting, proper fertilizer practices for the areas, and cropping management practices has been the basis for the crop handling methods adopted by farmers in growing the new crop. Proper implements for planting, cultivating, harvesting and hulling have been demonstrated through utilization of existing farm machinery, modification of design or use, or in some cases development of new equipment.

7. Sansevieria plantings at several locations in Florida have demonstrated that the tall-growing cold-hardy S. trifasciata offers the best prospect for establishing a domestic hard fiber industry for cordage requirements. Nutritional experiments indicated that cold tolerance could be enhanced by timely and adequate applications of commercial fertilizers. Progress has been made toward more complete mechanization of sansevieria productiion by developing more efficient methods of propagating sansevieria plants from leaf cuttings and devising more effective methods for making field plantings.

ERADICATION OF FOOT-AND-MOUTH DISEASE AND OTHER CONTAGIOUS DISEASES OF ANIMALS AND POULTRY, AGRICULTURAL RESEARCH ADMINISTRATION

Notes cancelled, 1952, covering advances made and expenses incurred by Commodity Credit Corporation through June 30, 1950	$32,700,000
Notes to be cancelled, 1953, covering advances made and expenses incurred by Commodity Credit Corporation through June 30, 1951	11,240,532

Obligations, 1951
(For which request for cancellation of notes is requested in 1953 Budget Estimates)

1. Cooperation with the Government of Mexico in the control and eradication of foot-and-mouth disease:		
Payments made to the Mexican-United States Commission for the eradication of foot-and-disease in Mexico	$2,745,000	
Direct Federal expenses for program in Mexico	5,031,356	$7,776,356
2. Enforcement of Mexican border quarantines		2,501,770
3. Inspection at public stockyards and in the field		329,845
4. Research on foot-and-mouth disease		172,800
5. Canned meats and meat products program:		
Administrative costs	38,252	
Handling expenses in connection with disposal of canned meat purchased in northern Mexico paid directly by the Commodity Credit Corporation	317,482	355,734
6. Interest costs (fiscal year 1951 on prior year advances)		566,284
Total obligations		11,702,789
Prior year balance available in 1951	443,616	
Less 1951 balance available in 1952	-254,593	-189,023
Adjustments in value of canned meat inventory		-273,234
TOTAL, NOTES TO BE CANCELLED		11,240,532

Estimated Obligations, 1952
(For which request will be submitted in 1954 Budget Estimates to reimburse Commodity Credit Corporation)

1. Cooperation with the Government of Mexico in the control and eradication of foot-and-mouth disease		$4,581,419
2. Enforcement of Mexican border quarantine		1,860,000
3. Inspection at public stockyards and in the field		311,072
4. Research on foot-and-mouth disease		225,000
5. Canned meats and meat products program (Handling and administrative costs involved in completing the liquidation of this program)		2,102
Estimated costs based on pay rates prior to enactment of Public Law 201		6,979,593
Interest:		
Interest on $32,700,000 for period July 1 to August 31, 1951 (date of passage of 1952 Agriculture Appropriation Act which cancelled notes covering advances in fiscal year 1950)	$79,842	
Interest on $10,630,000 (the amount of the transfers in the fiscal year 1951) for period July 1, 1951, to June 30, 1952	159,450	
Interest to June 30, 1952, on periodic advances during the fiscal year 1952 which it is anticipated will total $7,025,000	60,708	300,000
Estimated pay adjustment costs due to Public Law 201		300,000
Total estimated costs, 1952		7,579,593

This estimate is tentative because of uncertainties regarding the program, particularly the extent of the need for inspection or eradication measures in the case of discovery of any further outbreak of the disease.

Fiscal Year 1953

The Budget estimates propose a transfer to "Salaries and Expenses, Bureau of Animal Industry", in the fiscal year 1953 of the inspection work at public stockyards and in the field and the research work on foot-and-mouth disease; and the continuation under this head in the fiscal year 1953 of authority for the transfer of funds from other accounts of the Department (similar to that in the 1952 Agriculture Appropriation Act) to finance cooperation with Mexico in the control and eradication work there and enforcement of the Mexican border quarantine.

As it is not possible to anticipate with any degree of accuracy the requirements of the program, the Budget Estimates propose to continue the present language authorizing the Secretary to transfer from other funds of the Department, subject to later reimbursement, the amounts necessary for the eradication of the disease. It is planned to continue to make such transfers from funds of the Commodity Credit Corporation and to request funds required to reimburse the Corporation for the costs incurred in fiscal years 1952 and 1953 in the annual Budget Estimates for fiscal years 1954 and 1955, respectively.

Present Outlook

Mexico: There have been only two outbreaks of foot-and-mouth disease since December 1949, one in December 1950 and the latest in August 1951. Animals in the quarantined zone which were vaccinated during the vaccination phase of the program probably have, for the most part, lost the resistance to the disease temporarily induced by the preventive vaccine. Because of the repeated vaccinations, the duration of protection was extended but not thereby made permanent. With the diminishing of this protection, and the succeeding calf crops the number of susceptible animals has increased. If the virus remains alive, it should manifest itself by infecting these susceptible animals. Accordingly, the greatest emphasis is now being given to careful inspection and reinspection of these animals month by month to be sure that the disease will not occur and remain undetected.

This is a testing operation on a very large scale, involving the entire cattle, sheep, swine, and goat population of the quarantined area. It is not possible to predict how long this testing period will have to continue. The findings during the next few months will determine future needs. There may be some outbreaks of the disease, but it is believed that the present system will insure quick discovery and prompt eradication. The progressively diminishing numbers of outbreaks encountered during the past two and one-half years are indicative of the soundness of the program and give confidence that the disease will be eradicated in Mexico within a reasonably short period of time.

CHANGE IN LANGUAGE

The estimates include a proposed change in the language of this item as follows (deleted matter enclosed in brackets):

> Eradication of Foot-and-Mouth Disease and Other Contagious Diseases of Animals and Poultry, Agricultural Research Administration—
>
> For expenses necessary * * * [Provided further, That this appropriation shall be subject to applicable provisions contained in the item "Office of Administrator, Agricultural Research Administration":] Provided further, That the Secretary of the Treasury is hereby authorized and directed to discharge indebtedness of the Commodity Credit Corporation to the Secretary of the Treasury by canceling notes issued by the Corporation to the Secretary of the Treasury in the amount of [$32,700,000] $11,240,532 for funds transferred and expenses incurred under this head through fiscal year [1950] 1951 pursuant to authority granted in the Department of Agriculture Appropriation Act, [1950] 1951.

This change is for the purpose of deleting language provided in the 1952 Agricultural Appropriation Act with reference to the applicability of the provisions contained under "Salaries and expenses, Office of Administrator, Agricultural Research Administration" to this appropriation item, which was included in a separate title (Title II - Special Activities) in the 1952 Act. The 1952 Budget carries this item along with all the other appropriations of the Agricultural Research Administration.

STATUS OF PROGRAM

Cooperation with Mexico in Control and Eradication of Foot-and-Mouth Disease

History and development: The existence of foot-and-mouth disease in Mexico was confirmed December 26, 1946. Legislation authorizing the Secretary of Agriculture to cooperate with the Government of Mexico to eradicate, suppress, or control the outbreak was approved February 28, 1947 (21 U. S. C. 114b-c-d). The Mexican-United States Commission for the Eradication of Foot-and-Mouth Disease was established through an exchange of diplomatic notes between the two governments on March 17 and 18, 1947. The first appropriation ($9,000,000) for cooperative work with Mexico was approved March 27, 1947. Commission offices were established in Mexico City on April 10, 1947.

The original plan of eradication included the slaughter and burial of infected and exposed animals, the maintenance of quarantines, and disinfection operations--practically the same methods that had been used with success during outbreaks in the United States. The plan of eradication provided for the payment of indemnities, based on fair appraised value, for all cattle, swine, sheep, and goats destroyed. Mexican and United States veterinarians, technicians, appraisers, and paymasters generally worked in pairs under the direction of the Joint Commission. The Mexican National Army aided the campaign by providing protective services and quarantine enforcement.

Slaughtering operations were going forward at the rate of about 50,000 animals a week in November 1947 yet the spread of the disease to new areas showed that local quarantine restrictions were not being enforced. A strong sentiment was developing among the Mexican people and their officials for a change to a less drastic program. An appraisal at that time indicated that a continuation of the plan, without modification, to eradicate the disease from Mexico might mean the destruction of between 4,500,000 and 5,000,000 cattle and a similar number of swine, sheep, and goats. Mexican officials presented to the Commission their conclusion that the country could not stand the economic shock of this wholesale destruction.

After detailed study of the program, the Joint Commission agreed to a change, effective November 26, 1947. The principal features of the revised program as agreed upon at that time included:

(1) strengthening quarantine enforcement, particularly the lines at the northern and southern boundaries of the main infected area,

(2) conducting extensive inspections to determine where infection exists,

(3) prompt disposal, by slaughter, of infected and directly exposed animals in centers of active infection located in the work areas.

(4) cleaning and disinfection of premises, of trucks, cars, and other things that had been exposed to the disease and might harbor the virus, and

(5) vaccination of healthy susceptible animals to build up resistance to the disease.

The Department also undertook to furnish a market outlet for cattle in northern Mexico in the form of canned meat, as a precautionary measure to prevent spread of foot-and-mouth disease to northern Mexico and the United States. This program was initiated following recommendations by the Department Industry Advisory Committee on Foot-and-Mouth Disease and by members of the subcommittees on foot-and-mouth disease of both Houses of Congress who visited Mexico.

Vaccination program: Following the change in program, immediate attempts were made to obtain suitable vaccine from countries maintaining production facilities. It was necessary to obtain vaccine made from Type A virus, and, as quickly as possible, the Mexican variant of Type A virus was supplied the producing countries for use in the production of vaccine for Mexico. Supplies of vaccines were limited and the problems of shipping and maintaining controlled refrigeration of the product while in transit seriously hampered the application of this phase of the program. It was also necessary that all vaccines, before use in the field, be tested for innocuity, to make certain that the product was safe for use, and for potency, to be sure the product was reasonably effective when used under conditions existing in Mexico. Vaccinations were begun in selected areas which were most in need of reinforcement. 1,644,619 doses of vaccine were purchased from Argentina, Denmark, The Netherlands and Switzerland.

In order to produce vaccine in Mexico it became necessary to establish facilities. This was expedited by sending equipment, supplies and personnel from the United States who had been trained in Europe in connection with the research work there. The first vaccine actually produced in Mexico was in May 1948. By the end of June 1948 three lots of vaccine, comprising 45,000 doses, had been produced and facilities developed for production of increasing amounts in succeeding months. The work of vaccine production and testing was greatly speeded up so that within a few months the Commission was able to supply its entire needs. It was possible to produce over 5,000,000 doses in one month when necessary. Very rigid laboratory tests of the vaccine produced in Mexico indicated that the Commission vaccine was of excellent quality. The total amount of vaccine produced in Mexico was 53,324,000 doses (represents full doses for cattle--one half this dosage is used for small animals). Vaccine production was terminated in April 1950.

Susceptible animals in the quarantined zone were vaccinated three times and most of them were vaccinated four times. Mass vaccinations were completed by July 31, 1950, with only a small number of "clean-up" vaccinations thereafter until cessation of the vaccination program in October 1950. Vaccinations totaled 60,130,189.

Current Activities:

1. Quarantine lines are being maintained across Mexico at the northern and southern extremities of the affected area to prevent movement from within the quarantined area of cattle, sheep, swine, goats, fresh meat, animal products and other things that might carry the virus of foot-and-mouth disease. At each road crossing of the lines, quarantine stations are maintained with Mexican military personnel for enforcement and Commission personnel to inspect for the presence of prohibited animals or animal products and to disinfect vehicles. Where the railroads cross the quarantine lines, similar quarantine enforcement posts are maintained at the nearest stations within the quarantined area. Along the quarantine lines between rail and road crossings there is a thin patrol of Mexican Army personnel as a deterrent against illegal movements. At the eastern end of the northern quarantine line in the rich Huasteca cattle fattening area about 130 miles of the line have been fenced. The quarantine lines are so placed that they represent the division of traffic as to direction in normal commerce. Thus, concentration of the quarantine effort at the main highway and rail crossings has effectively held the disease from spreading across the quarantine lines.

 Restrictive quarantines are placed immediately on all premises where active infection is encountered to protect against spread of the infection. This quarantine is maintained until the animals have been destroyed, the premises thoroughly cleaned and disinfected, and absence of the infection proved with test animals.

2. Repeated inspections are being made throughout the quarantined area, including as nearly as possible all the susceptible animals (cattle, sheep, swine, and goats). It is not possible to inspect every animal each time; however, repetition of the inspections, constant watchfulness in the areas, and the employment of Spanish-speaking United States livestock inspectors have permitted quite an accurate evaluation of the existence or nonexistence of the disease. An arrangement has been worked out whereby each inspection team is assigned a definite area. Members of the teams thus gain close acquaintance with the people of the area, and full knowledge of the numbers, classes, and location of livestock. It is believed that this arrangement has resulted in a much higher percentage of the animals being inspected, as well as in a much better relationship with the farmers and other local people. A great many reports of suspicious illnesses of animals are now received from the farmers. These inspection teams are regularly inspecting from 7 to 10 million animals each month.

When diseases are encountered which are suspected as foot-and-mouth disease special local quarantines are instituted, thorough inspections and field tests are made, and samples are forwarded to Mexico City for laboratory tests. Most of these samples (about 40 per month) during fiscal year 1951) are found to represent some condition other than foot-and-mouth disease. The condition most usually encountered is vesicular stomatitis which affects cattle and horses with symptoms very closely resembling foot-and-mouth disease. If on any occasion the sample should turn out to be foot-and-mouth disease infection, the most thorough cleaning and disinfecting procedures are used immediately in the laboratories to kill the virus and prevent any spread into surrounding premises.

3. Slaughter operations were performed almost daily from October 1948 to the middle of April 1949. Several of the outbreaks were quite extensive and located near the northern quarantine line so that great apprehension was felt lest the infection break out of control and breach the quarantine line. Although the numbers slaughtered daily were small, the total was considerable and the infection had a discouraging way of reappearing in an area after it had been thought to be under control.

During the first six months of 1949, 7,329 animals were slaughtered and buried because of infection with or exposure to foot-and-mouth disease. During the second six months of 1949, the number of animals slaughtered was only 695. However, a virulent outbreak in October 1949, proved to be Type O which had not previously been encountered. Fortunately, there was no extension of this type from the premises on which it was discovered. To clean up the infection found in eastern Jalisco in December 1949, 15 animals were slaughtered in January 1950 and 1 animal was slaughtered early in May 1950 as a precautionary measure although foot-and-mouth disease could not be identified as the cause of the animal's illness. In December 1950 and January 1951, 541 animals were slaughtered due to an outbreak of the disease in the State of Veracruz. The eradication of another outbreak in the same State in August 1951 involved slaughter of 1,860 animals. Test animals have been placed on infected premises to determine whether they can be declared safe for restocking. The fact that only two occurrences of foot-and-mouth disease have been diagnosed since December 1949 gives a very encouraging indication that the virus of the disease is in fact being starved out.

4. Premises have been thoroughly cleaned and disinfected in each case where active infection has been found. In addition, barns where cattle and other livestock are confined and where it is known that the disease has been present at some time since the beginning of the epizootic in 1946, are systematically cleaned and disinfected. Disinfection is not being done in the case of uncovered corrals and open stables where the animals are not closely held and where it is considered that the action of sunshine and other elements will destroy the virus.

There is an extensive system of regular cleaning and disinfection of livestock cars and trucks and other vehicles carrying animal products within the quarantined area. Also, there is a regular disinfection procedure at highway and rail junctions and airports to protect against accidental carrying of the virus from the quarantined area.

During the fiscal year 1951, a monthly average of about 38,000 trucks, 4,000 railroad cars, 1,000 boats and barges, 450 planes, and 10,000 other cargo-carrying vehicles were cleaned and disinfected. No count was made of passenger vehicles.

Enforcement of Mexican Border Quarantine

An extensive border patrol has been maintained along the entire United States boundary to enforce the prohibition against the importation of ruminants, swine, and fresh meat from Mexico and the restrictions upon importations of products that might bring in the virus of foot-and-mouth disease. The present quarantine on the Mexican-United States border is based on Federal legislation that applies also to quarantine measures in effect at seaboard ports with respect to other countries where foot-and-mouth disease exists. As of July 1, 1951, 440 employees were assigned to the border project, a reduction of 101 employees from July 1, 1950. A further reduction of 112 employees occurred between July 1 and November 30, 1951. Most of the border is patrolled on a basis of one shift of 7 hours, 7 days per week, with additional supervision given as needed at critical points. However, in a number of areas where there is good border fence or the condition of the range is such that livestock are not apt to be moving to the border, it has been possible to establish alternate-day patrols. Most of the patrols are on horseback but the Bureau has constructed at various points along the border 725.7 miles of trail suitable for jeep travel. In those areas most of the patrol is now being done by jeep with a saving in man power because of the greater distances that can be effectively covered by jeep patrol. The jeep trails provide a rapid means of communication and better opportunity for supervision of the work by the foremen and supervisors.

The entire border is divided into 35 areas with a foreman in charge of each so that there is close supervision of the work at all times. Air patrol is used to supplement the ground patrol. The use of planes, which are under contract to the Bureau, has been found extremely helpful in identifying movements of livestock at or near the border so that prompt action may be taken to prevent crossing. An effective system of communicating from plane to ground patrol has been worked out.

The border patrol work is carried on in close cooperation with the Bureau of Customs and other Federal agencies operating along the border. Following an arrangement made in December 1948 some 89 key members of the Bureau of Animal Industry's patrol have been designated as Customs Agents, thus permitting closer working relationship and avoidance of duplication of patrol forces along the border.

Inspections at Public Stockyards and in the Field to Detect Immediately any Possible Introduction of Foot-and-Mouth Disease into the United States

Inspections are made at public stockyards throughout the United States to detect animals showing symptoms resembling those of foot-and-mouth disease in order that any appearance of the disease may be quickly ascertained if it should enter the country. Early detection of the disease would permit the taking of prompt action to prevent its spread. This is necessary to reduce to a minimum the possibility that introduction of the disease would remain undetected and spread far and wide through unrestricted movement of infected and exposed animals.

Immediate investigations are made of all suspected cases of foot-and-mouth disease to detect any possible introduction of the disease into the United States. These cases arise in all parts of the country. Since the outbreak of foot-and-mouth disease in Mexico, many more cases of animal diseases simulating foot-and-mouth disease have been reported throughout the country than previously. The investigations so far have, without exception, shown the condition to be something other than foot-and-mouth disease.

During fiscal year 1950 there were unusually large numbers of cases of vesicular stomatitis, a disease that very closely resembles foot-and-mouth disease in its appearance although it is far less damaging to the animals. While this condition was not diagnosed during fiscal year 1951, numerous reports of suspected cases required investigation. A good many other conditions of livestock affecting the mouths, feet and udders are constantly occurring in all parts of the country and require immediate and careful investigation to insure against foot-and-mouth disease accidentally gaining entrance into the country and remaining undetected.

The success or failure of the eradication effort, in any outbreak of foot-and-mouth disease, depends upon the promptness with which the outbreak is discovered and reported and the speed and accuracy of the investigation and diagnosis. In each investigation, specially-trained Bureau diagnosticians work side by side with State livestock sanitary officials who provide local quarantine enforcement. In this way, both State and Federal agencies are fully informed and their representatives are present to meet any emergency.

Early in 1947 the Bureau gave special training to 12 qualified veterinarians located in various parts of the country. These men have served as a nucleus of a staff of special diagnosticians to investigate and conduct animal inoculation tests in cases of suspected foot-and-mouth disease. An additional 14 veterinarians were given this type of training in July and August 1950 so that the area to be covered by each man has been very materially reduced. Special training of an additional 10 veterinarians is scheduled for February 1952.

State livestock sanitary officials are consulted in plan-making in order to be prepared for instant action should foot-and-mouth disease be found in any part of this country.

The 1953 Budget Estimate proposes the transfer of this work to the appropriation "Salaries and expenses, Bureau of Animal Industry."

Foot-and-Mouth Disease Research

Cooperative research liaison is maintained with foreign foot-and-mouth disease research stations. Qualified United States personnel are assigned to cooperative research in Europe to the extent facilities are available for their work there. Equipment needed for experimental work in these countries, but not available there, has been obtained in the United States for cooperative work. Two scientists are assigned presently to cooperative research at The State Veterinary Research Institute in Amsterdam, The Netherlands; two are similarly engaged on the Island of Lindholm, Denmark, at the Danish Foot-and-Mouth Disease Research Institute; and two scientists are studying at the Research Institute at Pirbright, England. Studies of diagnostic procedures and of modifications of the composition and use of vaccine are under way, together with physical and chemical investigations of the causative virus.

Definite progress is being made in fundamental studies of the virus of foot-and-mouth disease, the smallest known animal virus. Meanwhile, however, the problem has been made even more complex than originally anticipated, since three additional distinct types of the virus have been identified at Pirbright, making the present total six. To further complicate the picture there are variations within the types that must be considered individually when preparing vaccine for combating specific outbreaks.

Immune serums against foot-and-mouth disease virus types A, O and C have been prepared at Pirbright, England for checks of the types of virus occurring in Mexico. Viruses from Mexico have also been checked as the occasion demanded for type determinations at the British laboratories.

Checks have been made of a proposed test for diagnosis of foot-and-mouth disease involving agglutination of blood cells of rats by the virus. The test has been found unreliable and too complicated for general use.

A comprehensive test of the comparative value of vaccines produced with virus grown in the laboratory and virus propagated in living cattle is now under way. Studies designed to improve techniques of cultivation of virus in the laboratory are continuing. Two strains of the virus have been propagated in embryonated chicken eggs and several strains have been grown in a fluid medium containing mincing tissue from the tongues of normal slaughtered animals. It is hoped that less complicated culture procedures may be developed as a substitute for propagation of the virus in living cattle for processing into vaccine.

Experimental data acquired in Mexico are to be compiled and analyzed preparatory to issuance of a technical review of the work accomplished.

A survey has been made of existing foot-and-mouth disease research establishments in South America. Limited extension of cooperative research in South America, with special emphasis on methods of growing the virus in the laboratory is considered both feasible and highly desirable.

The 1953 Budget Estimate proposes the transfer of this work to the appropriation "Salaries and expenses, Bureau of Animal Industry."

Disposal of Mexican Canned Meat and Meat Products

Purchases and sales of canned meat and meat products in northern Mexico were begun in fiscal year 1948 and continued in operation until June 13, 1951, when arrangements were made for the sale of the remaining stocks held by the Department. Purchases of canned meat were initiated when a s serious surplus of cattle began to develop in northern Mexico which greatly increased the danger of the disease spreading first to that area and then to the United States. The Department lent technical assistance to the Mexican industry in establishing canning plants. Purchases were discontinued at the close of February 1950 since it was determined that Mexico no longer required such assistance. By that time commercial sales including chilled and frozen fresh meat had improved the situation in northern Mexico. During the life of the program, a total of 872,293 animals, most of which would probably have come to the United States except for the foot-and-mouth disease quarantine, were slaughtered to produce approximately 218.1 million pounds of canned meat and meat products for sale for use in foreign countries. 216.5 million pounds were purchased under this appropriation.

The facilities of the Production and Marketing Administration were utilized in the purchase of canned meat and meat products. The product was turned over to the Commodity Credit Corporation for sale, and proceeds from sales were credited by the Corporation against funds transferred to the appropriation item "Eradication of foot-and-mouth disease and other contagious diseases of animals and poultry."

Department recognition of Mexican Meat Inspection system early in 1951 now makes possible importation of cooked meat and cured meat under restrictions. Through December 1951 over 52,600,000 pounds of cured boneless meat were so imported, subject to further processing at designated establishments having Federal inspection to insure the destruction of any virus that might be present.

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL RESEARCH ADMINISTRATION
BUREAU OF ANIMAL INDUSTRY

CONTROL AND ERADICATION OF FOOT-AND-MOUTH DISEASE

Obligations and Funds Provided as of November 30, 1951

Obligations	F.Y. 1947	F.Y. 1948	F.Y. 1949	F.Y. 1950	F.Y. 1951	F.Y. 1952 (as of November 30, 1951)	Total
Control and eradication activities:							
Payments made to the Mexican-United States Commission for the Eradication of Foot-and-Mouth Disease in Mexico	$ 9,000,000	$22,000,000	$10,030,000	$11,080,000	$ 2,745,000	$ 355,000	$55,210,000
Direct Federal expenses for program in Mexico	1,152,451	5,792,466	7,229,940	8,023,193	5,031,356	1,460,917	28,690,323
Enforcement of Mexican border quarantine	255,146	1,952,415	2,850,000	2,896,208	2,501,770	920,621	11,376,160
Inspection at public stockyards and in the field to detect immediately any possible introduction of foot-and-mouth disease into the United States	3,188	116,661	166,000	256,935	329,845	140,125	1,012,754
Foot-and-mouth disease research.	--	94,920	258,000	302,400	172,800	57,274	885,394
Total	10,410,785	29,956,462	20,533,940	22,558,736	10,780,771	2,933,937	97,174,631
Meat purchase program in northern Mexico:							
Purchase of canned meat and meat products in northern Mexico	--	11,300,240	37,620,418	7,252,851	--	--	56,173,509
Administrative expenses incident to meat purchases	--	74,424	202,381	128,477	38,252	355	443,889
Handling charges (canned meat)	--	424,742	1,607,137	946,229	317,482	1,727	3,297,317
Total	--	11,799,406	39,429,936	8,327,557	355,734	2,082	59,914,715

Obligations	F.Y. 1947	F.Y. 1948	F.Y. 1949	F.Y. 1950	F.Y. 1951	F.Y. 1952 (as of November 30, 1951)	Total
Interest on funds borrowed from CCC	- -	211,398	349,888	551,752	566,284	159,719	1,839,041
TOTAL OBLIGATIONS	10,410,785	41,967,266	60,313,764	31,438,045	11,702,789	3,095,738	158,928,387
Deduct: Application of gross receipts from sales of canned meat and from inspection fees a/	- -	-12,010,804	-13,837,640	-959,815	-10,091,121	- -	-36,899,380
NET TOTAL OBLIGATIONS (NET OF RECEIPTS FROM SALE OF MEAT)	10,410,785	29,956,462	46,476,124	30,478,230	1,611,668	3,095,738	122,029,007
Funds Provided							
By CCC:							
Gross transfers of funds	- -	36,975,000	63,200,000	24,460,000	10,630,000	3,562,000	138,827,000
Interest costs on funds transferred; and handling charges, canned meat	- -	636,140	1,957,025	1,497,981	883,766	161,446	5,136,358
Total	- -	37,611,140	65,157,025	25,957,981	11,513,766	3,723,446	143,963,358
1948 transfers available in 1949	- -	-200,336	∠200,336	- -	- -	- -	xxx
1949 transfers available in 1950	- -	- -	-5,923,680	∠5,923,680	- -	- -	xxx
1950 transfers available in 1951	- -	- -	- -	-443,616	∠443,616	- -	xxx
1951 transfers available in 1952	- -	- -	- -	- -	-254,593	∠254,593	xxx
Net Total	- -	37,410,804	59,433,681	31,438,045	11,702,789	3,978,039	143,963,358

a/ Gross receipts are reflected herein as applications in the fiscal year in which the sales contracts are executed. Receipts on a cash basis, by fiscal years, are as follows:

Fiscal year 1948 -	$ 9,773,428
Fiscal year 1949 -	9,016,682
Fiscal year 1950 -	8,018,149
Fiscal year 1951 -	8,341,695
Fiscal year 1952 -	1,749,426
Total	$36,899,380

Obligations	F.Y. 1947	F. Y. 1948	F.Y. 1949	F.Y. 1950	F.Y. 1951	F. Y. 1952 (as of November 30, 1951)	Total
Less:							
Application of gross receipts from sales of canned meat and from inspection fees a/	- -	-12,010,804	-13,837,640	-959,815	-10,091,121	- -	-36,899,380
Repayments of funds transferred from appropriations therefor ...	- -	-25,400,000	-34,000,000	- -	- -	- -	-59,400,000
Cancellation of Commodity Credit Corporation Notes authorized by 1952 Department of Agriculture Appropriation Act:							
Applicable to fiscal year 1949.	- -	- -	-11,596,041	- -	- -	- -	-11,596,041
Applicable to fiscal year 1950.	- -	- -	- -	-21,103,959	- -	- -	-21,103,959
Unreimbursed transfers	- -	- -	- -	9,374,271	1,611,668	3,978,039	14,963,978
By Appropriations and Cancellation of Notes	10,805,000	30,500,000	45,596,041	21,103,959	- -	- -	108,005,000
Net Total Funds Provided	10,805,000	30,500,000	45,596,041	30,478,230	1,611,668	3,978,039	122,968,978
Unobligated Balances:							
Not available in subsequent year-- transferred to Treasury	-46,666	-11,004	- -	- -	- -	- -	-57,670
Available in subsequent year ...	-347,549	-880,083	- -	- -	- -	- -	xxx
Prior year balance available ...	- -	≠347,549	≠880,083	- -	- -	- -	xxx
Available as of date of report .	- -	- -	- -	- -	- -	-882,301	-882,301
Total	-394,215	-543,538	≠880,083	- -	- -	-882,301	-939,971
NET TOTAL OBLIGATIONS (AS ABOVE)..	10,410,785	29,956,462	46,476,124	30,478,230	1,611,668	3,095,738	122,029,007

a/ Gross receipts are reflected herein as applications in the fiscal year in which the sales contracts were executed. Receipts on a cash basis, by fiscal year, were as follows:

Fiscal year 1948 -	$9,773,428	Fiscal year 1951 -	$8,341,695
Fiscal year 1949 -	9,016,682	Fiscal year 1952 -	1,749,426
Fiscal year 1950 -	8,018,149	Total	$36,899,380

MEXICAN-UNITED STATES COMMISSION FOR THE ERADICATION
OF FOOT-AND-MOUTH DISEASE

Statement of Commission Receipts, Disbursements, and Available Cash 1/

As of November 30, 1951

Cash and Disbursements

	Pesos	Pesos
Cash:		
In banks	724,643	
In hands of United States paymasters and other employees	1,853,514	2,578,157
Disbursements:		
Indemnities:		
Cattle 126,916,381		
Small animals 13,068,326 2/	139,984,707	
Expenses of Commission	303,673,001	443,657,708
Total		446,235,865

Funds Made Available to the Commission

Payments to the Commission:		
By the United States	359,176,099 3/	
By Mexico	53,945,714 2/	413,121,813

Funds Made Available to the Commission--Continued

Receipts:			
Vaccine testing and miscellaneous		30,366,372	
Slaughter program (salvage of animals, return of indemnities on delivery of mules, etc.)		2,747,680 4/	33,114,052
Total			446,235,865

1/ Because of variations in the rate of exchange, this statement is made in pesos.

2/ Includes indemnities in amount of 7,515,813 pesos, paid by Mexican Government prior to October 3, 1947, which are now considered a contribution by the Mexican Government.

3/ $55,210,000 (converted at varying rates--$31,000,000 while rate was stabilized at 4.85 pesos to the dollar; $9,589,947 while rate fluctuated from 6.88 to 8.46; $14,620,053 at present stabilized rate of approximately 8.64).

4/ The joint commission conducted salvage operations between October 3 and December 13, 1947, when salvage operations ceased. Salvage operations for that period included 5,025 cattle and 278 small animals. Prior to October 3, 1947, the Mexican Government conducted salvage operations.

INTERNATIONAL WHEAT AGREEMENT

(Appropriation to cover difference between cost of wheat purchased at domestic market price and receipts from sales at maximum price prescribed by the International Wheat Agreement)

Purpose Statement

The purpose of the International Wheat Agreement, which was ratified by the U. S. Senate on June 13, 1949, is to introduce an element of stability in the world wheat trade. This Agreement assures supplies of wheat to importing countries and markets for wheat to exporting countries at equitable and stable prices, thereby eliminating many of the hardships caused to producers and consumers by burdensome surpluses and critical shortages.

World wheat trade covered by the Wheat Agreement is 581 million bushels per marketing year of wheat or wheat products expressed in terms of bushels of wheat. Of this quantity, the United States guarantees to supply 255 million bushels during the 1951-52 crop year to participating nations at prices not in excess of $1.80 per bushel, Port Arthur basis. Section 2 of the International Wheat Agreement Act of 1949 required the President of the United States, acting through the Commodity Credit Corporation, to make available such quantities of wheat and wheat-flour to importing countries and at such prices as may be necessary to exercise the rights, obtain the benefits, and fulfill the obligations of the United States under the International Wheat Agreement.

The International Wheat Agreement Act of 1949 authorizes appropriations of such sums as may be necessary to pay the Commodity Credit Corporation for its costs in carrying out its functions under that statute. In order that the agreement could be implemented promptly, as needed, the Commodity Credit Corporation was expressly authorized to proceed in advance of such appropriations, and to utilize its Corporate funds pending repayments from the appropriations authorized.

	Appropriated, 1952 (1950 costs)	Budget Estimate, 1953 (1951 costs)
Appropriation to reimburse CCC for costs under the International Wheat Agreement	$76,808,000	$182,162,250

INTERNATIONAL WHEAT AGREEMENT

Appropriation Act, 1952 (1950 operations)	$76,808,000
Budget Estimate, 1953 (1951 operations)	182,162,250
Change	+105,354,250

PROJECT STATEMENT

By Project or Function	1952 Appropriation (F.Y. 1950 operations)	Increase	1953 Estimate (F.Y. 1951 operations)
Differential payments to commercial exporters	$36,762,870	+$62,949,799	$99,712,669
Exports of CCC price support and supply stocks	38,873,852	+39,785,311	78,659,163
Interest	1,171,278	+2,619,140	3,790,418
Total Costs	76,808,000	+105,354,250	182,162,250

INCREASE

The increase of $105,354,250 arises from the following:

(1) Increase of exports from 135 million bushels of wheat and flour (wheat equivalent) in the fiscal year 1950 to 266 million bushels in the fiscal year 1951; such increase occurring, primarily, from a higher U. S. quota resulting from the acceptance of Germany, Spain, Indonesia and other importing countries as participants under the Agreement;

(2) Increase of the spread between the domestic market price and the Agreement price in the fiscal year 1951 resulting in an average increased cost of 11 cents per bushel in fiscal year 1951 over fiscal year 1950;

(3) Higher interest costs attributable to the increased program operations in the fiscal year 1951 as well as the increase of interest rates from 1.25% to 1.5% as of July 1, 1951.

EXPLANATION OF 1953 ESTIMATE

During the fiscal year 1951 approximately 266 million bushels of wheat and flour (wheat equivalent) were exported by the United States pursuant to the terms of the International Wheat Agreement. The costs of such exports to the Commodity Credit Corporation, including administrative and interest costs, were $182,162,250 or an average cost of 69 cents per bushel. This cost represents the difference between domestic market prices and the maximum International Wheat Agreement price plus interest and administrative expenses.

Exports from commercial stocks for which differential payments were made amounted to 155.7 million bushels while exports from CCC-owned stocks were 110.1 million bushels (100.2 million bushels were acquired under the Commodity Credit Corporation price support program and 9.9 million bushels were purchased by Commodity Credit Corporation for resale).

Approximately 38 countries imported wheat or wheat flour from the United States pursuant to the terms of the Agreement. Western Germany received 18 percent of the total, India 10 percent, United Kingdom 9 percent, Netherlands 8 percent, Mexico 8 percent, Greece 7 percent, Italy 7 percent, and all others 33 percent.

The attached table reflects, by importing country, the quantity of wheat and flour (bushel equivalent) exported from the United States during fiscal year 1951 and the amount due Commodity Credit Corporation on such exports.

UNITED STATES DEPARTMENT OF AGRICULTURE
Production and Marketing Administration

Wheat and Wheat Flour (bushel equivalent) Exported From the United States
Pursuant to the Terms of the International Wheat Agreement

Fiscal Year 1951

Importing Country	Source of exports				Amount due CCC	Avg. Cost per bu. to CCC
	CCC Price Support Program	CCC Supply Program	Commercial	Total		
	(BUSHELS)					
Austria	10,881,287	461,589		11,342,876	$8,640,279	$.76
Belgium			11,478,047	11,478,047	7,531,327	.66
Bolivia			2,017,300	2,017,300	1,180,943	.59
Brazil			7,287,974	7,287,974	4,307,843	.59
Costa Rica			706,608	706,608	418,207	.59
Cuba			2,467,494	2,467,494	1,583,215	.64
Denmark	360,669		1,801,043	2,161,712	1,541,081	.71
Dominican Republic			275,327	275,327	175,101	.64
Ecuador			960,376	960,376	583,002	.61
Egypt			3,033,441	3,033,441	2,086,890	.69
El Salvador			301,018	301,018	156,769	.52
Germany	7,139,415	1,744	5,437,167	12,578,326	7,945,416	.63
Greece	18,374,346	628,306		19,002,652	14,260,235	.75
Guatamala			558,079	558,079	309,876	.56
Haiti			216,809	216,809	124,048	.57
Honduras			156,350	156,350	99,912	.64
India	18,180,510	5,638,215	3,825,068	27,643,793	18,720,464	.68
Indonesia			1,299,111	1,299,111	864,296	.67
Ireland	182,933		1,934,533	2,117,466	1,345,698	.64
Israel			4,372,016	4,372,016	2,889,152	.66
Italy	1,073,651	301,535	17,745,221	19,120,407	12,316,356	.64
Lebanon			1,586,927	1,586,927	1,133,608	.71
Liberia			64,002	64,002	47,066	.74
Mexico			12,791,005	12,791,005	7,872,051	.62
Netherlands			21,930,447	21,930,447	13,708,014	.63
Nicaragua			233,629	233,629	120,383	.52
Norway			4,943,355	4,943,355	3,208,065	.65
Panama			172,044	172,044	104,774	.61
Peru			4,101,709	4,101,709	2,338,853	.57
Philippines			4,622,438	4,622,438	2,736,418	.59
Portugal			4,678,337	4,678,337	2,946,450	.63
Saudi Arabia			814,570	814,570	523,786	.64
Spain			3,066,929	3,066,929	2,285,486	.75
Sweden			890,976	890,976	664,822	.75
Switzerland			4,428,424	4,428,424	2,790,560	.63
Trizone	43,976,919	2,859,842		46,836,761	33,556,992	.72
United Kingdom			24,345,480	24,345,480	16,327,309	.67
Venezuela			1,174,578	1,174,578	734,781	.63
Total	100,169,730	9,891,231	155,717,832	265,778,793	178,371,832 1/	.67
Interest Cost					3,790,418	
Grand Total	100,169,730	9,891,231	155,717,832	265,778,793	182,162,250	.69

1/ Includes $192,314 for Administrative Expenses

PMA OB
12/6/51

CHANGES IN LANGUAGE

The estimates include proposed changes in language of this item as follows (new language underscored; deleted matter enclosed in brackets):

> To discharge indebtedness of the Commodity Credit Corporation to the Secretary of the Treasury for the net costs during the fiscal year [1950] 1951 (including interest thereon through June 30, 1952) under the International Wheat Agreement Act of 1949 (7 U.S.C. 1641-1642), [$76,808,000] $182,162,250.

The change in language is for the purpose of including the phrase "(including interest thereon through June 30, 1952)" thereby making clear that this appropriation is to discharge the indebtedness of the Commodity Credit Corporation by including interest cost incurred by the Corporation during the fiscal year 1952 on fiscal year 1951 net costs under International Wheat Agreement operations.

1952 AND 1953 PROGRAMS

During the fiscal years 1952 and 1953 sales will continue to be based upon the maximum International Wheat Agreement price. On this basis it is estimated that 255 million bushels of wheat and flour (wheat equivalent) will be exported during the fiscal year 1952 at a cost of $182,100,000. During the fiscal year 1953 it is estimated that 253 million bushels will be exported at a cost of $185,000,000. In arriving at these costs, it is assumed that the domestic price of wheat will approximate the support price. Converted to an f.o.b. ocean vessel basis, weighted according to the quantities expected to be exported from the various United States ports, the 1952 and 1953 domestic prices are estimated to be $2.68 and $2.70-1/2 respectively. The weighted average price at which it is estimated wheat will be sold under the Agreement is $1.98 per bushel for both fiscal years 1952 and 1953. This price is based on the maximum price of $1.80 per bushel for No. 1 Manitoba Northern Wheat in store Fort William/Port Arthur, Canada. Thus the estimated cost under the International Wheat Agreement operations (excluding interest and administrative expenses) of $.70 per bushel in fiscal year 1952 and $72-1/2 for fiscal year 1953 represents the difference between the estimated domestic prices and the maximum International Wheat Agreement price.

Salaries and Expenses, Defense Production Activities

Appropriation, 1952 (Supplemental Appropriation Act, 1952)	$1,500,000
Transferred from "Agricultural supply program, Production and Marketing Administration"	2,432,000
Total available, 1952	3,932,000
Budget Estimate, 1953	a/ --

a/ A budget estimate for 1953 will be submitted at a later date under proposed legislation to extend the Defense Production Act.

PROJECT STATEMENT

Project	1951	1952 (estimated)	1953 (estimated)
1. Production and Marketing Administration:			
(a) Requirements and allocations	$694,930	$1,528,630	--
(b) Materials and facilities	2,627,390	1,961,000	--
(c) Production goals	884,320	--	--
Subtotal	4,206,640	3,489,630	--
2. Forest Service:			
(a) Special studies of timber resources and forest products industries, and other technical assistance, under the Defense Production Act ..	164,408	81,000	--
3. Office of Foreign Agricultural Relations:			
(a) Commodity analysis	52,670	70,000	--
(b) Agricultural supplies	8,658	27,450	--
(c) Regional analysis	10,822	10,950	--
Subtotal	72,150	108,400	--
4. Bureau of Agricultural Economics:			
(a) Preparation of data on farm wages, farm labor supply and requirements.	11,609	30,000	--
(b) Development of production capacities and requirements	9,404	20,000	--
(c) Special estimates in crop, livestock, and price fields	32,260	50,000	--
Subtotal	53,273	100,000	--
5. Office of Solicitor (legal services)	40,846	41,650	--
6. Office of Information:			
(a) Informational staff.....	9,297	36,070	--
(b) Reprints of publications	--	5,900	--
(c) Motion-picture and television films..	--	5,900	--
Subtotal	9,297	47,870	--

Project	1951	1952 (estimated)	1953 (estimated)
7. Office of the Secretary (departmental supervision and security investigatory work)	22,852	63,450	--
Total obligations	4,569,466	3,932,000	--

The Secretary of Agriculture has been delegated broad authority under the Defense Production Act of 1950 with respect to functions relating to agriculture. Responsibilities of the Department involve the development and carrying out of programs for the production and distribution of food and other agricultural commodities, and assistance to other agencies relating to stabilization of our economy and the expansion of production capacity and supply of the Nation's agriculture. The Secretary delegated to agencies of the Department specific defense production activities for fiscal years 1951 and 1952, as follows:

1. Production and Marketing Administration.—

This agency determines requirements and the supply, and assists in obtaining the necessary production of food. Distribution is made to effect the most efficient utilization of the total food supply to meet the needs of civilians, the Armed Forces, other U. S. Government agencies, international agencies and foreign countries. This work falls into two major categories: (a) requirements and allocations, which includes the work incident to determinations concerning production and distribution, and (b) materials and facilities, which includes activities incident to obtaining the required production by determining and presenting to other Defense authorities the needs for fertilizer, pesticides, machinery, equipment, and other necessary facilities for the production and processing of agricultural commodities.

An interagency Food Committee and commodity subcommittees have been established to develop recommended allocations for agricultural commodities, based on information furnished by twelve Supply Estimates Committees and the requirements submitted by all claimants. Constant analyses are made of operating policy and economic conditions in order to make recommendations for regulation of distribution, imports, exports, stockpiling, and other factors pertaining to the fulfillment of requirements for agricultural commodities. Defense food orders have been issued on castor oil and processed fruits and vegetables.

Legal price minima must be calculated in accordance with provisions of Title IV of the Defense Production Act on more than 160 commodities.

Recommendations and materials relating to man-power for agriculture are developed for use in presentations to the Department of Labor, Selective Service and other agencies, including information regarding production programs and activities, and occupations in agriculture and related food industries.

Applications for accelerated tax amortization for food and agricultural facilities and applications of prospective borrowers of Government funds for the purpose of expanding agricultural and food productive capacity and supply are reviewed and recommendations made. A summary of tax amortization and loan activity during the fiscal year 1951, is as follows:

Applications	Applications for Section 302 Loans (For expansion of productive capacity)		Applications for Necessity Certificates (Tax Amortization)	
	No.	Dollar Value	No.	Dollar Value
Received	38	$40,686,798	50	$206,297,650
Approved	2	535,000*	156	43,577,698
Denied	22	10,635,108	173	109,479,665
Transferred or withdrawn	6	10,587,490	4	843,470
Pending 7/1/51	8	18,839,200	167	52,396,817

* of $625,000 requested

2. Forest Service.—

Upon request by the National Production Authority and other Government agencies, the Forest Service provides technical information with regard to timber and timber products, including information on: (1) availability of stumpage; (2) supplies and production of other timber-based raw materials; (3) surveys of kinds and conditions of equipment and supplies needed by forest products industries; (4) reports on factors affecting production of lumber and other forest products; (5) availability of supplies of critical items, such as plywood, ship timbers, etc.; (6) uses of lumber, plywood, and other forest products; and (7) suggestions for means of meeting levels of production through diversion, substitution, new specifications, etc.

Under a Memorandum of Understanding, the National Production Authority refers loan and accelerated tax amortization applications to the Forest Service for recommendations whenever issues of timber resources, management, or other appropriate timber questions are involved.

3. Office of Foreign Agricultural Relations.—

The Office of Foreign Agricultural Relations services the Production and Marketing Administration and other defense agencies with requested types of information on foreign production, and international trade essential to operations under the Defense Production Act.

a. Commodity analysis - Activities include: (1) the preparation of supply estimates on critical food and agricultural commodities available from overseas sources; (2) assistance to the Production and Marketing Administration in determining comparative needs of foreign claimants for food; (3) commodity allocations work involving representation on inter-departmental committees that consider allocation problems; and (4) study of export control programs as they affect critical supply situations abroad.

b. Agricultural supplies - Information is provided on requirements of agricultural machinery, fertilizers, and insecticides needed in foreign countries for crop production. This data is used to appraise the volume of production facilities this country must produce or secure for defense purposes.

c. Regional analysis - Intensive studies are made for particular areas such as Asia and Africa to determine the available food supplies of such regions and the trade problems of deficit areas and their effects in relation to defense mobilization plans.

4. Bureau of Agricultural Economics --

As the chief statistical agency of the Department of Agriculture, the Bureau is called upon by the agencies administering the Defense Production Act to provide basic statistics, analyses, forecasts and various other types of information needed in carrying out their respective duties.

The Bureau's responsibilities fall into three major categories: (a) preparation of data on farm wages, and farm labor supply and requirements; (b) development of data on production capacities and requirements, which includes estimates of amounts of farm machinery, fertilizer, and labor needed to facilitate the achievement of a desirable pattern for production of farm products; and (c) development of basic data on crops, livestock, and prices, which require preparation of estimates at the National, State, and local level pertaining to current and prospective production and supplies of agricultural products, agricultural prices, and farm employment and wages.

5. Legal, informational and other Departmental services.--

The Offices of the Solicitor and Information furnish legal and informational services in connection with defense production activities, and the Office of the Secretary provides over-all planning, coordination and integration of the administrative and operational resources of the Department to meet defense objectives as promptly and efficiently as possible.

REPLACEMENT OF PERSONAL PROPERTY SOLD, DEPARTMENT OF AGRICULTURE

Under the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 231(c)), proceeds from the sale of vehicles, equipment accessories, and other personal property, the replacement of which is authorized by law, may be applied in whole or in part payment for the acquisition of similar items. Receipts from this source are set up in a special appropriation account and are available for the replacement of similar items to the end of the fiscal year following the year in which the sale is made. Any unobligated balance at the close of the fiscal year is subsequently deposited into the Treasury as miscellaneous receipts.

The total estimated funds available to the Department under this account are as follows:

1951	$1,038,538
1952 (estimated)	1,112,100
1953 (estimated)	948,900

WORKING FUND, AGRICULTURE, GENERAL

This Budget schedule (page 1117) reflects working funds advanced from various Departments or agencies of the Federal Government to the Department of Agriculture under Section 601 of the Economy Act, as amended, in payment for services rendered or supplies furnished.

Funds thus advanced are made available to bureaus within the Department of Agriculture by allotment and are obligated in amounts shown in this schedule under the heading "Obligations by Objects." Descriptions of the work performed for other departments and agencies in accordance with these working fund advances are included in the "Statement of Obligations Under Allotments and Other Funds" provided in each agency's section of the Explanatory Notes.

MISCELLANEOUS CONTRIBUTED FUNDS, DEPARTMENT OF AGRICULTURE

The total appropriations or estimates of the Department under this trust account (page 1069) are as follows:

1951	$691,438
1952 (estimated)	625,000
1953 (estimated)	525,900

This item covers funds received or estimated to be received by the Department of Agriculture from private individuals or organizations and from State or local government organizations for carrying out certain cooperative agreements between such individuals or organizations and the Department in connection with its activities, as authorized by law, primarily the Act of May 15, 1862 (5 U.S.C. 511) establishing the Department of Agriculture (as further implemented by the Act of July 24, 1919

(5 U.S.C. 67,563)). These funds are deposited in the Treasury of the United States and made available to the Department for expenditure under applicable cooperative agreements. The amounts for 1952 and 1953 are approximate and preliminary only, since it is difficult to to estimate accurately what the total receipts from these sources will be in any given year.

A distribution of this fund by bureaus is reflected in the Budget schedule under the heading "Obligations by Objects."

Following are examples of the types of agreements entered into by the Department and financed by contributed funds:

San Antonio River Canal and Conservancy District	For cooperative survey of the San Antonio River watershed
National Aluminate Corporation	For cooperative research and tests of chemical materials used to control weeds
Central and Southern Florida Flood Control District	For cooperative work on flood control in the Everglades area.

GENERAL PROVISIONS

Section 401: Relates to the purchase of passenger motor vehicles for the Department. The total acquisition of such vehicles by the Department of Agriculture is limited, in addition to those specifically authorized in the language of the individual appropriation items, to not to exceed 528 passenger motor vehicles for replacement purposes only, for use outside the District of Columbia.

The estimates propose an increase in the replacement of vehicles for use outside the District of Columbia from 350 to 528. The vehicles proposed for replacement will all be at least six years old or will have mileage in excess of 60,000 miles at time of disposal. A more detailed justification for the need for replacement appears in the explanatory notes under the applicable agencies.

Section 402: Provides for certain exceptions in the Department of Agriculture to the prohibition contained in the Independent Offices Appropriation Act against the employment of aliens.

Section 403: Authorizes the expenditure of not to exceed $1 for each option to purchase any tract or tracts of land under appropriations carried in the Act which are available for the purchase of lands.

Section 404: Prohibits the Department from issuing any prediction or forecast with respect to future prices or price trends on cotton, except as to damage threatened or caused by insects and pests.

Section 405: Prohibits, with certain exceptions, the purchase of twine manufactured from commodities or materials produced outside the United States.

Section 406: Provides that not less than $575,000 shall be available for contracting in accordance with section 10(a) of the Research and Marketing Act of 1946 (7 U.S.C. 427i) from the appropriations made for the Bureau of Agricultural Economics; Bureau of Animal Industry; Bureau of Dairy Industry; Bureau of Plant Industry, Soils, and Agricultural Engineering; Bureau of Entomology and Plant Quarantine; Bureau of Agricultural and Industrial Chemistry; Bureau of Human Nutrition and Home Economics; and the Forest Service.

[Section 407. Notwithstanding any other provisions of law, the Department is hereby authorized hereafter to employ or otherwise contract with persons at regular rates of pay for necessary hours of work for emergency forest fire fighting and pest control and for handling of animals, including dairy cattle, without regard to Sundays, Federal holidays, and the regular workweek.]

The estimates propose deletion of this section provided in the 1952 Act since it is permanent legislation.

Section [403] 407: This section continues the restriction against the employment of persons who are members of an organization of Government employees who assert the right to strike against the Government of the United States, or who advocate, or who are members of an organization that advocates the overthrow of the Government. This section also prohibits the use of any funds provided in the Act for publicity or propaganda purposes to support or defeat legislation pending before the Congress.

[Sec. 409. No part of any appropriation or authorization contained in this Act shall be used to pay the compensation of any incumbent appointed to any civil office or position which may become vacant during the fiscal year beginning on July 1, 1951: Provided, That this inhibition shall not apply--

(a) to not to exceed 25 per centum of all vacancies;
(b) to positions filled from within the department;
(c) to offices or positions required by law to be filled by appointment of the President by and with the advice and consent of the Senate;
(d) to seasonal and casual workers;
(e) to meat inspectors;
(f) to field employees of the Soil Conservation Service and Production and Marketing Administration who provide conservation assistance to farmers and ranchers;
(g) to field operating and research employees engaged in work of county offices and other field locations;
(h) to employees of the crop and livestock reporting service:

Provided further, That with the exception of the agencies and functions listed in (a) to (h) above, not more than 90 per centum of the amounts shown in the budget estimates for personal services shall be available for such purpose: Provided further, That when the total number of personnel subject to this section has been reduced to 90 per centum of the total provided for in the budget estimates for 1952, this section may cease to apply: Provided further, That in addition to the funds otherwise allowed under this section, the following agencies shall be allowed additional sums for personnel as follows: Commodity Exchange Authority, $58,928; Extension Service, salaries and expenses, $31,327; Office of the Secretary, $32,832; Office of Foreign Agricultural Relations, $26,946.]

The estimates propose deletion of this non-recurring section which placed certain limitations on the employment of personnel, since the reductions and adjustments in personnel contemplated by this section have been accomplished in the fiscal year 1952.

[Sec. 410. No part of any appropriation or authorization contained in this Act shall be used to pay the compensation of any employee engaged in personnel work in excess of the number that would be provided by a ratio of one such employee to one hundred and fifteen, or a part thereof, full-time, part-time, and intermittent employees of the Department and its instrumentalities, cooperators and collaborators receiving personnel services from the Department: Provided, That for purposes of this section employees shall be considered as engaged in personnel work if they spend half-time or more in personnel administration consisting of direction and administration of the personnel program; employment, placement, and

separation; job evaluation and classification; employee relations and services; training; committees of expert examiners and boards of civil service examiners; wage administration; and processing, recording, and reporting: Provided further, That nothing contained in this section shall be construed as permitting any increase whatever in personnel officers over and above the number otherwise provided for in this Act.]

The estimates propose deletion of this section inserted in the 1952 Act providing a limitation on the number of personnel workers in relation to the number of persons served. For the past several years, the intent of Section 410 has been accomplished by the Department through administrative action. The Bureau of the Budget in fiscal year 1949 established a procedure for evaluating the several phases of administration and establishing a limitation for each. This limitation has been an effective control on the number of personnel workers permitted in relation to total employment. The deleted language duplicates in part the current administrative limitations and makes additional reporting necessary.

Section [411] 408: This section prohibits, with certain exceptions, the payment of compensation to any civilian employee of the Government whose principal duties consist of acting as chauffeur of any Government-owned passenger motor vehicle (other than a bus or ambulance).

[Sec. 412. No part of the money appropriated for the Department of Agriculture by this Act or made available for expenditure by any corporation by this Act which is in excess of 75 per centum of the amount required to pay the compensation of all persons the budget estimates for personal services heretofore submitted to the Congress for the fiscal year 1952 contemplated would be employed by the Department of Agriculture or by such corporation, respectively, during such fiscal year in the performance of—

(1) functions performed by a person designated as an information specialist, information and editorial specialist, publications and information coordinator, press relations officer or counsel, photographer, radio expert, television expert, motion-picture expert, or publicity expert, or designated by any similar title, or

(2) functions performed by persons who assist persons performing the functions described in (1) in drafting, preparing, editing, typing, duplicating, or disseminating public information publications or releases, radio or television scripts, magazine articles, photographs, motion pictures, and similar material,

shall be available to pay the compensation of persons performing the functions described in (1) or (2): Provided, That this section shall not apply to personnel engaged in the preparation and distribution of technical agricultural publications and farmers bulletins, and the Agriculture Yearbook, the reporting and dissemination of the results of research and investigations, the preparation and broadcasting of the "Farm and Home Hour" and similar radio programs, and other work required to carry out the duties and responsibilities of the Department imposed by law other than work intended primarily for press, radio and television services, and popular publications.]

The estimates propose deletion of this section which restricted certain informational activities of the Department. There are about 185 provisions of law requiring the Department to disseminate or publish agricultural information. The work done by information employees is a basic part of program administration. Virtually all bureaus of the Department utilize their information personnel in answering correspondence and preparing policy memoranda, administrative bulletins, and similar materials for use entirely within the Government. In addition, the informational material that reaches the public is ordinarily required by law or by the obligation to report on the use of public funds. For example, statements and reports issued to the press by the Department relate largely to legally required notices in connection with regulatory work, marketing agreements, purchase and loan programs, etc., or to the issuance of regular reports such as farm price reports, commodity situation reports and similar reports used by farmers and industry. A third important category includes announcements of research discoveries and recommendations. The restrictions imposed by the provision of this section result in inadequate facilities for making the results of research and other necessary information available to the public; therefore, deletion of the section is proposed in the 1953 Budget.